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SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

華信地產財務有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 252)

**ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2023**

The board of directors (the “Board”) of Southeast Asia Properties & Finance Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (hereby collectively referred to as the “Group”) for the year ended 31 March 2023 as below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2023

| | <i>Notes</i> | 2023 HK\$ | 2022 HK\$ |
|--|--------------|----------------------------|--------------------------|
| Revenue | 5 | 238,533,661 | 274,414,996 |
| Cost of sales | | <u>(169,036,681)</u> | <u>(191,901,750)</u> |
| Gross profit | | 69,496,980 | 82,513,246 |
| Other revenue and other income | | 13,387,663 | 3,129,628 |
| Gain arising from change in fair value of investment properties | | 1,925,436 | 18,709,722 |
| (Loss)/Gain arising from financial assets at fair value through profit or loss (“FVTPL”) | 8 | (4,477,300) | 4,529,966 |
| Selling and distribution expenses | | (8,116,069) | (10,002,284) |
| Administrative expenses | | (55,196,500) | (49,915,403) |
| Provision for expected credit loss (“ECL”) allowance of trade and other receivables and loan receivables | | (6,093,807) | (1,734,448) |
| Other operating expenses | | (143,615) | (991,051) |
| Finance costs | 6 | (9,752,381) | (9,016,277) |
| Gain on deemed disposal of interests in an associate | 14 | 30,991,916 | – |
| Share of results of associates | | (9,199,220) | (696,348) |
| Reversal of/(Provision for) impairment loss recognised in respect of amount due from an associate | 14 | <u>10,734,295</u> | <u>(5,579,857)</u> |
| Profit before income tax | | 33,557,398 | 30,946,894 |
| Income tax expense | 7 | <u>(3,056,975)</u> | <u>(4,209,278)</u> |
| Profit for the year | 8 | <u><u>30,500,423</u></u> | <u><u>26,737,616</u></u> |
| Profit for the year attributable to: | | | |
| Owners of the Company | | 29,221,316 | 26,512,717 |
| Non-controlling interests | | <u>1,279,107</u> | <u>224,899</u> |
| | | <u><u>30,500,423</u></u> | <u><u>26,737,616</u></u> |
| Earnings per share attributable to owners of the Company | | | |
| Basic and diluted (HK cents) | 10 | <u><u>13.0</u></u> | <u><u>11.8</u></u> |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

| | <i>Note</i> | 2023 <i>HK\$</i> | 2022 <i>HK\$</i> |
|---|-------------|----------------------------|---------------------|
| Profit for the year | 8 | 30,500,423 | 26,737,616 |
| Other comprehensive (expense)/income: | | | |
| <i>Items that will be reclassified subsequently to profit or loss</i> | | | |
| Exchange differences on translation of foreign operations | | (9,186,600) | 5,186,444 |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | |
| Financial assets at fair value through other comprehensive income (“FVOCI”) (non-recycling) – net movement in fair value reserves (non-recycling) | | <u>(7,390,491)</u> | <u>1,236,002</u> |
| Other comprehensive (expense)/income for the year | | <u>(16,577,091)</u> | <u>6,422,446</u> |
| Total comprehensive income for the year | | <u>13,923,332</u> | <u>33,160,062</u> |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 13,355,114 | 32,639,636 |
| Non-controlling interests | | <u>568,218</u> | <u>520,426</u> |
| | | <u>13,923,332</u> | <u>33,160,062</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

| | <i>Notes</i> | 2023 HK\$ | 2022 HK\$ |
|---|--------------|----------------------------------|---------------------------|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 170,571,154 | 164,552,045 |
| Right-of-use assets | | 14,169,103 | 14,222,233 |
| Investment properties | | 839,931,540 | 827,435,164 |
| Interests in associates | 14 | 33,391,765 | 13,340,173 |
| Intangible assets | | 3,501,501 | 3,501,501 |
| Other assets | | 2,700,000 | 2,700,000 |
| Financial assets at FVOCI (non-recycling) | | 65,219,287 | 73,132,554 |
| Loan receivables | 11 | 38,769,716 | 41,883,085 |
| Deferred tax assets | | 1,197,210 | 3,389,741 |
| | | <u>1,169,451,276</u> | <u>1,144,156,496</u> |
| Current assets | | | |
| Inventories | | 45,774,572 | 60,643,963 |
| Trade and other receivables | 12 | 96,587,097 | 154,769,751 |
| Deposits and prepayments | | 5,553,968 | 5,114,367 |
| Tax recoverable | | 1,482,423 | 2,000,686 |
| Restricted cash | | 4,100,000 | 4,100,000 |
| Financial assets at FVTPL | | 29,009,000 | 34,600,000 |
| Trust accounts of shares dealing clients | | 78,733,321 | 88,603,357 |
| Cash and cash equivalents | | 98,218,450 | 83,536,258 |
| | | <u><u>359,458,831</u></u> | <u><u>433,368,382</u></u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2023

| | <i>Note</i> | 2023 | 2022 |
|--|-------------|-----------------------------|----------------------|
| | | <i>HK\$</i> | <i>HK\$</i> |
| Current liabilities | | | |
| Trade and other payables | 13 | 117,408,933 | 145,006,871 |
| Contract liabilities | | 1,258,759 | 1,228,797 |
| Bank loans | | 224,665,518 | 337,169,106 |
| Amount due to an associate | | – | 1,490,170 |
| Lease liabilities | | 1,373,898 | 1,062,992 |
| Tax payable | | 1,990,246 | 287,594 |
| | | <u>346,697,354</u> | <u>486,245,530</u> |
| Net current assets/(liabilities) | | <u>12,761,477</u> | <u>(52,877,148)</u> |
| Total assets less current liabilities | | <u>1,182,212,753</u> | <u>1,091,279,348</u> |
| Non-current liabilities | | | |
| Bank loans | | 56,025,821 | – |
| Lease liabilities | | 1,059,254 | – |
| Amount due to an associate | | 29,474,443 | – |
| Amount due to a non-controlling interest | | 3,320,000 | 3,270,000 |
| Deferred tax liabilities | | 10,958,278 | 13,795,122 |
| | | <u>100,837,796</u> | <u>17,065,122</u> |
| Net assets | | <u>1,081,374,957</u> | <u>1,074,214,226</u> |
| EQUITY | | | |
| Share capital | | 245,062,941 | 245,062,941 |
| Reserves | | 825,411,864 | 818,819,351 |
| | | <u>1,070,474,805</u> | <u>1,063,882,292</u> |
| Equity attributable to owners of the Company | | <u>1,070,474,805</u> | <u>1,063,882,292</u> |
| Non-controlling interests | | <u>10,900,152</u> | <u>10,331,934</u> |
| Total equity | | <u>1,081,374,957</u> | <u>1,074,214,226</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Southeast Asia Properties & Finance Limited (the “Company”) is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office is Units 407–410, 4th Floor, Tower 2, Silvercord, No. 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong and, its principal place of business is Hong Kong and the People’s Republic of China (the “PRC”). The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activities of the Company and its subsidiaries (the “Group”) include investment holding, property investment, development and leasing, hotel operation, manufacturing and distribution of plastic packaging materials and securities broking and margin financing.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

These consolidated financial statements for the year ended 31 March 2023 were approved for issue by the board of directors on 29 June 2023.

2. ADOPTION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amended HKFRSs that are effective for annual period beginning on 1 April 2022

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning on 1 April 2022:

| | |
|----------------------------------|--|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Amendments to HKFRSs | Annual Improvements to HKFRS Standards 2018–2020 |
| Accounting Guideline 5 (Revised) | Merger Accounting for Common Control Combination |

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

3. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include the applicable disclosures requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and comply with the applicable requirements of the Companies Ordinance.

4. SEGMENT INFORMATION

The executive directors of the Company, being the chief operating decision makers, have identified the following operating segments of the Group.

| | |
|---|--|
| Property investment, development and leasing/hotel operation | Provision of hotel services in Hong Kong and investing, developing and leasing properties in Hong Kong and the PRC |
| Manufacturing and distribution of plastic packaging materials | Manufacturing and distribution of plastic packaging materials |
| Broking and securities margin financing | Provision of stock and futures broking and provision of securities margin financing |

Hotel operation business in Hong Kong was temporarily suspended from 1 June 2020 for alteration and addition works.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

I) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

| | Property investment, development and leasing/hotel operation | | Manufacturing and distribution of plastic packaging materials | | Broking and securities margin financing | | Consolidated | |
|---|--|-------------------|---|--------------------|--|-------------------|--------------------------|--------------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| Segment revenue | | | | | | | | |
| – from external customers | <u>11,314,631</u> | <u>12,339,775</u> | <u>213,271,190</u> | <u>242,646,651</u> | <u>13,947,840</u> | <u>19,428,570</u> | <u>238,533,661</u> | <u>274,414,996</u> |
| Segment results | (2,392,870) | (10,110,061) | 21,209,215 | 22,410,100 | (9,958,993) | 10,643,097 | 8,857,352 | 22,943,136 |
| Gain on deregistration of a subsidiary | - | 603,630 | - | - | - | - | - | 603,630 |
| Gain arising from change in fair value of investment properties | <u>1,925,436</u> | <u>18,709,722</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,925,436</u> | <u>18,709,722</u> |
| | <u>(467,434)</u> | <u>9,203,291</u> | <u>21,209,215</u> | <u>22,410,100</u> | <u>(9,958,993)</u> | <u>10,643,097</u> | <u>10,782,788</u> | <u>42,256,488</u> |
| Unallocated finance costs | | | | | | | (9,752,381) | (5,033,389) |
| Gain on deemed disposal of interests in an associate | | | | | | | 30,991,916 | - |
| Share of results of associates | | | | | | | (9,199,220) | (696,348) |
| Reversal of/(Provision for) impairment loss recognised in respect of amount due from an associate | | | | | | | <u>10,734,295</u> | <u>(5,579,857)</u> |
| Profit before income tax | | | | | | | <u>33,557,398</u> | <u>30,946,894</u> |
| Income tax expense | | | | | | | <u>(3,056,975)</u> | <u>(4,209,278)</u> |
| Profit for the year | | | | | | | <u>30,500,423</u> | <u>26,737,616</u> |

II) Geographical segment

The Group's revenues from external customers and its non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas. The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on the physical location of the assets in case of property, plant and equipment, right-of-use assets and investment properties, the location of operation to which they are allocated in case of intangible assets, and the location of operation in case of interests in associates.

| | Revenue from external customers | | Non-current assets | |
|----------------------|------------------------------------|---------------------------|-----------------------------|-----------------------------|
| | 2023 HK\$ | 2022 HK\$ | 2023 HK\$ | 2022 HK\$ |
| Hong Kong (domicile) | 57,403,498 | 73,614,489 | 958,944,707 | 931,808,792 |
| PRC | 59,450,747 | 68,813,446 | 84,278,136 | 91,159,642 |
| Japan | 50,196,717 | 49,629,054 | – | – |
| Oceania | 41,161,437 | 47,577,905 | – | – |
| North America | 16,507,997 | 21,131,400 | – | – |
| Europe | 13,813,265 | 13,648,702 | – | – |
| | <u>238,533,661</u> | <u>274,414,996</u> | <u>1,043,222,843</u> | <u>1,022,968,434</u> |

5. REVENUE

The Group's revenue recognised during the year is as follows:

| | 2023 | 2022 |
|---|----------------------------------|---------------------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| Revenue from contracts with customers | | |
| Sales of goods | 213,271,191 | 242,646,652 |
| Brokerage commission | 5,266,612 | 8,175,032 |
| | <u>218,537,803</u> | <u>250,821,684</u> |
| Revenue from other sources | | |
| Rental and related income | 11,314,631 | 12,339,775 |
| Interest income received from clients | 6,848,633 | 9,592,350 |
| Dividend income from listed equity securities | 1,832,594 | 1,661,187 |
| | <u>19,995,858</u> | <u>23,593,312</u> |
| Total revenue | <u><u>238,533,661</u></u> | <u><u>274,414,996</u></u> |

6. FINANCE COSTS

| | 2023 | 2022 |
|---|--------------------------------|-------------------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| Interest expenses on: | | |
| Bank loans | 9,315,155 | 4,693,899 |
| Other borrowings | 83,921 | 20,678 |
| Finance charges on loans to a private company (Note 11(a)) | – | 3,982,888 |
| Finance charges on lease liabilities | 23,960 | 11,564 |
| Bank charges | 329,345 | 307,248 |
| | <u><u>9,752,381</u></u> | <u><u>9,016,277</u></u> |

7. INCOME TAX EXPENSE

| | 2023 | 2022 |
|---|-------------------------|------------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| Hong Kong Profits Tax | | |
| – Current tax | 2,721,084 | 3,450,326 |
| – (Over)/Under provision in prior years | (65,819) | 347,089 |
| – Tax concession | (24,000) | (18,663) |
| | <u>2,631,265</u> | <u>3,778,752</u> |
| PRC Enterprise Income Tax (“EIT”) | | |
| – Current tax | 696,355 | 502,510 |
| – Under provision in prior years | 373,668 | 41,689 |
| | <u>1,070,023</u> | <u>544,199</u> |
| Deferred tax credit | <u>(644,313)</u> | <u>(113,673)</u> |
| Total income tax expense | <u>3,056,975</u> | <u>4,209,278</u> |

The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2,000,000 are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2022.

The provision for Hong Kong Profits Tax for the year ended 31 March 2023 takes into account a reduction granted by the Hong Kong Government of 100% of the tax payable for the year of assessment 2022/23 subject to a maximum reduction of HK\$10,000 for each business (2022: a maximum reduction of HK\$10,000 was granted for the year of assessment 2021/22 and was taken into account in calculating the provision for the year ended 31 March 2022).

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

8. PROFIT FOR THE YEAR

Profit for the year is arrived at after charging/(crediting):

| | 2023 | 2022 |
|---|---------------------|-------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| Cost of inventories sold | 139,756,081 | 159,132,069 |
| Direct operating expenses for generating rental income | 2,390,599 | 2,282,499 |
| Auditors' remuneration: | | |
| – Audit services | 805,859 | 925,172 |
| Depreciation: | | |
| – Property, plant and equipment | 8,908,935 | 10,042,238 |
| – Right-of-use assets | 1,895,241 | 1,869,280 |
| | 10,804,176 | 11,911,518 |
| Gain on disposal of financial assets at FVTPL | – | (51,426) |
| Loss/(Gain) arising from change in fair value of financial assets at FVTPL | 4,477,300 | (4,478,540) |
| | 4,477,300 | (4,529,966) |
| (Reversal of)/Provision for impairment loss recognised in respect of amount due from an associate | (10,734,295) | 5,579,857 |
| Impairment loss recognised in respect of intangible assets | – | 201,205 |
| Provision for ECL allowance of trade and other receivables and loan receivables | 6,093,807 | 1,734,448 |
| Bad debt written off | 2,256,268 | – |
| Bad debt recovered | (48,000) | (48,000) |
| Gain on disposal of property, plant and equipment | (92,078) | – |
| Gain on deemed disposal of interests in an associate | (30,991,916) | – |
| Gain on deregistration of a subsidiary | – | (603,630) |
| Write-off of property, plant and equipment | – | 1,859 |
| Exchange loss, net | 57,796 | 471,618 |

9. DIVIDENDS

(a) Dividends attributable to the year:

| | 2023 | 2022 |
|---|-------------------------|------------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| Proposed final dividend of HK3 cents per ordinary share (2022: HK3 cents) | <u>6,762,601</u> | <u>6,762,601</u> |

The final dividend proposed after the end of the reporting period is subject to approval of the shareholders at the forthcoming annual general meeting of the Company and has not been recognised as a liability at the end of the reporting period, but reflected as an appropriation of retained profits for the year ended 31 March 2023.

(b) Dividends attributable to the previous financial year, approved and paid during the year:

| | 2023 | 2022 |
|--|-------------------------|------------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| Final dividends in respect of the previous year, of HK3 cents per ordinary share (2022: HK3 cents) | <u>6,762,601</u> | <u>6,762,601</u> |

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted earnings per share is based on profit attributable to owners of the Company of HK\$29,221,316 (2022: HK\$26,512,717) and on the weighted average number of 225,420,034 (2022: 225,420,034) ordinary shares in issue during the year.

The diluted earnings per share for the years ended 31 March 2023 and 2022 were the same as basic earnings per share as there were no dilutive potential ordinary shares in existence for both years.

11. LOAN RECEIVABLES

| | 2023 | 2022 |
|--|--------------------------|--------------------------|
| | HK\$ | HK\$ |
| Loans to a private company (<i>note a</i>) | 31,568,232 | 32,224,009 |
| Loans to an independent borrower (<i>note b</i>) | 5,107,516 | 5,107,516 |
| Loans to a staff (<i>note c</i>) | 4,551,560 | 4,551,560 |
| Less: ECL allowance | (2,457,592) | – |
| | <u>38,769,716</u> | <u>41,883,085</u> |

Notes:

- (a) The balance represents shareholder loans with principal amount of RMB29,400,000 (equivalent to HK\$36,207,000) to a private company, Dongguan Hanju Shiye Investment Company Limited which are unsecured, interest-free and not repayable within the next 12 months from the end of the reporting period.
- (b) The balance represents loans to an independent borrower which bear fixed interest rate at 10% per annum, repayable on the respective maturity dates in 2026 and the balance of HK\$4,462,471 was secured by a borrower's property in Hong Kong.
- (c) The balance represents loans to a staff which bear fixed interest rate at 10% per annum, repayable on the respective maturity dates in 2026 and the balance of HK\$3,978,350 was secured by a staff's property in Hong Kong.

12. TRADE AND OTHER RECEIVABLES

The Group's trade receivables arose from (i) property investment, development and leasing, (ii) manufacturing and distribution of plastic packaging materials, and (iii) broking and securities margin financing.

| | 2023 | 2022 |
|---|--------------------------|--------------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| Trade receivables from broking and securities margin financing: | | |
| – Clearing house and cash clients | 17,772,399 | 19,380,042 |
| – Secured margin clients | 59,175,973 | 97,211,651 |
| Less: ECL allowance | (4,676,230) | (301,404) |
| | <u>72,272,142</u> | <u>116,290,289</u> |
| Trade receivables from sales of goods and leasing | 22,222,337 | 37,910,827 |
| Less: ECL allowance | (703,584) | (1,975,431) |
| | <u>21,518,753</u> | <u>35,935,396</u> |
| Other receivables | 3,329,438 | 2,544,066 |
| Less: ECL allowance | (533,236) | – |
| | <u>2,796,202</u> | <u>2,544,066</u> |
| | <u>96,587,097</u> | <u>154,769,751</u> |

The directors of the Group consider that the fair values of trade and other receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The Group allows a credit period up to the respective settlement dates for securities transactions (normally two business days after the respective trade date for cash clients). Each secured margin client has a credit limit.

At 31 March 2023, trade receivables from cash clients and secured margin clients of HK\$14,051,314 (2022: HK\$6,079,234) were due from the key management personnel.

Trade receivables of manufacturing and distribution of plastic packaging materials fall into the general credit term ranged from 0–90 days except for a credit period mutually agreed between the Group and the customers.

Aging analysis

The following is an aging analysis of trade receivables of the Group arose from sales of goods and leasing, presented based on the invoice date, which approximates the respective revenue recognition dates and net of ECL allowance:

| | 2023 | 2022 |
|---------------|--------------------------|--------------------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| 0–30 days | 17,743,002 | 20,220,121 |
| 31–60 days | 1,108,187 | 3,850,182 |
| 61–90 days | 1,602,337 | 4,965,430 |
| 91–120 days | 4,165 | 4,454,483 |
| 121–365 days | 969,287 | 2,320,914 |
| Over 365 days | 91,775 | 124,266 |
| | <u>21,518,753</u> | <u>35,935,396</u> |

Margin loans due from margin clients are repayable on demand. Margin loans are required to be secured by clients' listed securities held by the Group as collateral and bear interest at 8.5% (2022: 8.5%) per annum for the year ended 31 March 2023. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. At 31 March 2023, the total market value of securities pledged as collateral by the customers in respect of the loans to margin clients was HK\$224,802,360 (2022: HK\$196,129,716).

No aging analysis of receivables from cash clients and loans to margin clients is disclosed as in the opinion of the directors, the aging analysis does not give additional value in view of the nature of business.

13. TRADE AND OTHER PAYABLES

The Group's trade payables arose from (i) manufacturing and distribution of plastic packaging materials and (ii) broking and securities margin financing.

| | 2023 | 2022 |
|---|----------------------------------|---------------------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| Trade payables to: | | |
| – Clearing house and cash clients | 75,317,698 | 79,119,457 |
| – Secured margin clients | 10,220,147 | 18,120,061 |
| – Other creditors | 8,575,215 | 17,379,069 |
| | <u>94,113,060</u> | <u>114,618,587</u> |
| Accrued salaries | 7,268,936 | 8,037,576 |
| Accrued employee benefits | 3,673,039 | 4,195,990 |
| Accrued development expenditure of properties | 1,894,320 | 5,502,720 |
| Other accrued expenses | 6,857,344 | 9,621,585 |
| Rental deposits received | 2,803,455 | 2,447,784 |
| Advanced payment received from tenants | 798,779 | 582,629 |
| | <u>23,295,873</u> | <u>30,388,284</u> |
| | <u><u>117,408,933</u></u> | <u><u>145,006,871</u></u> |

Trade payables to other creditors represents trade payables in respect of purchases of materials and supplies.

The credit period granted by other creditors is generally within 30 days. The following is an aging analysis of trade payables to other creditors based on invoice dates:

| | 2023 | 2022 |
|---------------|-------------------------|-------------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| 0–30 days | 8,142,160 | 16,208,524 |
| 31–60 days | 3,038 | 595,159 |
| 61–90 days | – | – |
| 91–120 days | – | – |
| 121–365 days | 216,519 | 9,666 |
| Over 365 days | 213,498 | 565,720 |
| | <u>8,575,215</u> | <u>17,379,069</u> |

All amounts are short term and hence the carrying values of the Group's trade and other payables are considered to be a reasonable approximation of fair value.

14. INTERESTS IN ASSOCIATES

| | 2023 | 2022 |
|--|----------------------------|---------------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| Cost of investments in associates | 6,664,312 | 6,664,312 |
| Amounts due from associates (<i>note a</i>) | 34,788,818 | 46,786,701 |
| Share of post-acquisition profits/(losses) and other comprehensive income/(expense), net of dividends received | 8,385,233 | (12,929,947) |
| Less: impairment loss recognised on amounts due from associates (<i>note b</i>) | <u>(16,446,598)</u> | <u>(27,180,893)</u> |
| | <u>33,391,765</u> | <u>13,340,173</u> |

Notes:

- (a) The balances are unsecured, interest-free and have no fixed repayment terms.
- (b) At 31 March 2023 and 2022, the directors assessed the recoverable amounts of the amounts due from associates by considering profitability, cash flow position, financial position, forecast business development and future prospects of the associates. Based on these assessments, the directors concluded that reversal of impairment loss of HK\$10,734,295 (2022: Provision for impairment loss of HK\$5,579,857) was recognised.

The following list contains only the particulars of associates, all of which are unlisted corporate entities whose quoted market prices are not available, which in the opinion of the directors principally affected the results or net assets of the Group as at 31 March 2023 and 2022.

| Name of associates | Country/Place of incorporation/ operation | Issued and fully paid share capital | Proportion of ownership interest held by the Group | | Principal activities |
|--|--|--|--|--------|----------------------|
| | | | 2023 % | 2022 % | |
| Wisestar Holdings Limited (“Wisestar”) <i>(note 1)</i> | Hong Kong | HK\$2 | 47.70 | 47.70 | Dormant |
| Ongoing Investments Limited (“Ongoing Investments”) | British Virgin Islands/PRC | US\$100 | 20.00 | 20.00 | Property investment |
| Sequin Developments Limited (“Sequin Developments”) | British Virgin Islands/PRC | US\$100 | 20.00 | 20.00 | Property investment |
| Titan Dragon Properties Corporation (“Titan Dragon”) <i>(note 2)</i> | Philippines | Peso\$1,030,000,000 (2022: Peso\$80,000,000) | 33.22 | 49.00 | Property investment |

Notes:

- (1) Wisestar was wound up by Court order on 17 July 2019 and in progress of deregistration as at reporting date. The Group’s interest in Wisestar was fully impaired in prior years.
- (2) During the year ended 31 March 2023, the Group’s equity interest in Titan Dragon was diluted from 49.00% to 33.22% by capital injection from an independent third party. Therefore, the investment in Titan Dragon was deemed disposed, resulted in a gain on deemed disposal of interests in an associate of HK\$30,991,916 recognised in the consolidated statement of profit or loss.

All associates have a reporting date of 31 March.

The Group has not incurred any contingent liabilities or other commitments relating to its investments in associates.

Set out below are the summarised financial information of each of the material associate which are accounted for using the equity method:

(i) Ongoing Investments

| | 2023 | 2022 |
|---|--------------------------|--------------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| Current assets | 152,423 | 1,948,833 |
| Non-current assets | 46,237,330 | 43,481,273 |
| Current liabilities | (4,636,602) | (10,408,142) |
| Non-current liabilities | (7,188,137) | (5,719,000) |
| Net assets | <u>34,565,014</u> | <u>29,302,964</u> |
| Revenue | 7,014,785 | 2,282,030 |
| Total expenses | (1,752,735) | (4,290,967) |
| Profit/(Loss) and total comprehensive income/ (expense) for the year | <u>5,262,050</u> | <u>(2,008,937)</u> |

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ongoing Investments is set out below:

| | 2023 | 2022 |
|--|-------------------------|------------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| Net assets of Ongoing Investments | 34,565,014 | 29,302,964 |
| Proportion of the Group's ownership interest in Ongoing Investments | 20% | 20% |
| Amount due from Ongoing Investments | 6,913,003 | 5,860,593 |
| | 156,027 | – |
| Carrying amount of the Group's interest in Ongoing Investments | <u>7,069,030</u> | <u>5,860,593</u> |

For the year ended 31 March 2023, Ongoing Investments did not declare any dividend (2022: nil).

(ii) Sequin Developments

| | 2023 <i>HK\$</i> | 2022 <i>HK\$</i> |
|---|---------------------|---------------------|
| Current assets | 3,686,980 | 5,787,625 |
| Non-current assets | 45,046,310 | 42,361,247 |
| Current liabilities | (943,066) | (5,171,966) |
| Non-current liabilities | <u>(7,107,513)</u> | <u>(5,992,415)</u> |
| Net assets | <u>40,682,711</u> | <u>36,984,491</u> |
| Revenue | 7,856,087 | 2,751,292 |
| Total expenses | <u>(1,770,287)</u> | <u>(4,224,096)</u> |
| Profit/(Loss) and total comprehensive income/ (expense) for the year | <u>6,085,800</u> | <u>(1,472,804)</u> |
| Dividends received from Sequin Developments | <u>477,516</u> | <u>–</u> |

Reconciliation of the above summarised financial information to the carrying amount of the interest in Sequin Developments is set out below:

| | 2023 <i>HK\$</i> | 2022 <i>HK\$</i> |
|--|------------------------------------|-----------------------------------|
| Net assets of Sequin Developments | 40,682,711 | 36,984,491 |
| Proportion of the Group's ownership interest in Sequin Developments | <u>20%</u> | <u>20%</u> |
| Amount due from Sequin Developments | <u>8,136,542</u> <u>171,303</u> | <u>7,396,898</u> <u>82,682</u> |
| Carrying amount of the Group's interest in Sequin Developments | <u>8,307,845</u> | <u>7,479,580</u> |

(iii) Titan Dragon

| | 2023 <i>HK\$</i> | 2022 <i>HK\$</i> |
|---|----------------------------|-----------------------------|
| Current assets | 30,343,899 | 2,700,598 |
| Non-current assets | 62,025,980 | 5,005,307 |
| Current liabilities | (9,130,376) | (222,010) |
| Non-current liabilities | <u>(92,163,867)</u> | <u>(139,278,834)</u> |
| Net liabilities | <u><u>(8,924,364)</u></u> | <u><u>(131,794,939)</u></u> |
| Revenue | – | – |
| Total expenses | <u>(36,233,605)</u> | <u>(13,142,604)</u> |
| Loss and total comprehensive expense for the year | <u><u>(36,233,605)</u></u> | <u><u>(13,142,604)</u></u> |

Note: The Group shared 49%, 40.83% and 33.22% of loss amounted to HK\$2,938,587, HK\$7,781,394 and HK\$748,809 for period from April to August 2022, September 2022 to February 2023 and in March 2023 respectively.

Reconciliation of the above summarised financial information to the carrying amount of the interest in Titan Dragon is set out below:

| | 2023 <i>HK\$</i> | 2022 <i>HK\$</i> |
|---|--------------------------|---------------------|
| Net liabilities of Titan Dragon | (8,924,364) | (131,794,939) |
| Proportion of the Group's ownership interest in Titan Dragon | <u>33.22%</u> | <u>49%</u> |
| Amount due from Titan Dragon, net of provision | <u>18,014,890</u> | <u>–</u> |
| Carrying amount of the Group's interest in Titan Dragon | <u><u>18,014,890</u></u> | <u><u>–</u></u> |

Unrecognised losses for the year ended 31 March 2023 was HK\$2,964,674 (2022: HK\$6,439,876) for Titan Dragon. The accumulated losses not recognised were HK\$2,964,674 as at 31 March 2023 (2022: HK\$38,392,394).

For the year ended 31 March 2023, Titan Dragon did not declare any dividend (2022: nil).

Note: A piece of land located in the Philippines was acquired by Titan Dragon in 1989 and held for development purposes (the “Subject Property”).

The Regional Trial Court (“RTC”) made its decision on 21 October 2016 and its Writ of Execution on 24 April 2017 ruled in favour of a specific performance claim filed in 2015 by Ms. Veloso-Galenzoga (“Galenzoga”), who claimed that Titan Dragon had sold the Subject Property to her in 1997. Then Titan Dragon had filed Motion for Reconsideration to appeal. The Court of Appeals of the Philippines made its decision on 1 June 2018 and its Resolution on 26 February 2019 dismissing Titan Dragon’s Petition for Certiorari and denying Titan Dragon’s Motion for Reconsideration of said dismissal, respectively, and asserting that Titan Dragon utilised the wrong remedy of certiorari and should have filed a Petition for Annulment of Judgement. Titan Dragon’s Petition for Certiorari sought the annulment of the proceedings in a Philippines civil court which ruled in favour of Galenzoga. Titan Dragon had filed for a review of the court’s decision as well as made a criminal complaint in relation to Galenzoga’s purported forgery of various documents to implement her fraudulent scheme to unlawfully take possession of the Subject Property. The Court of Appeals’ Decision and Resolution were reached in spite of the fact that the advices of the Philippine lawyers of Titan Dragon were that the arguments raised by Titan Dragon had merits. Although Titan Dragon has filed its Petition for Review on Certiorari before the Supreme Court of the Philippines and, in the opinion of the Philippine lawyers of Titan Dragon, the arguments raised by Titan Dragon in its Petition for Review have merit and its position is strong, it is considered prudent that Titan Dragon should meanwhile fully impair the carrying amount of the Subject Property as it is difficult to predict how the Supreme Court will rule on the issues raised in the Petition for Review.

As a result, Titan Dragon had fully impaired the investment in the land and an impairment loss allowance of Peso\$1,379,134,000 (equivalent to approximately HK\$206,111,576) was recognised in the financial statements of Titan Dragon in 2019.

In 2022, the Supreme Court ruled that the decision dated 21 October 2016 of RTC and the Writ of Execution dated 24 April 2017 are null and void. Thus, the issuance of transfer certificate of title of the Subject Property under Galenzoga’s name and her subsequent possession thereof which were made pursuant to the said issuances of the RTC are likewise null and void. Thus, title over the Subject Property and possession thereof must be reverted to the Company as if no proceeding was conducted before the RTC. Galenzoga has filed Motion for Reconsideration while it was officially denied by the Supreme Court in 2023. The Supreme Court’s decision was final and conclusive upon entry of the decision in the book of entries of judgments on 30 January 2023.

The legal action to revert title over the Subject Property and possession is currently underway.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

For the year ended 31 March 2023, the Group recorded revenue of HK\$238.5 million, representing a decrease of HK\$35.9 million, or 13.1% as compared with HK\$274.4 million for the year ended 31 March 2022. The Group recorded profit for the year attributable to owners of the Company of HK\$29.2 million, representing an increase of HK\$2.7 million, or 10.2% as compared to a profit of HK\$26.5 million in the last financial year.

Property Investment, Development and Leasing/Hotel Operation

This segment comprises property investment, development and leasing in Hong Kong and the PRC and operating a hotel in Hong Kong. For the year ended 31 March 2023, this segment recorded revenue of HK\$11.3 million, representing a decrease of HK\$1.0 million or 8.3% as compared with HK\$12.3 million for the year ended 31 March 2022. Loss from operations was HK\$2.4 million, representing a decrease in loss of HK\$7.7 million, or 76.3% as compared with HK\$10.1 million for the year ended 31 March 2022. The decrease in loss was mainly attributable to the addition of imputed interest income of HK\$7.7 million in current financial year.

(i) Property Investment, Development and Leasing

Most of the Group's investment properties were leased out to generate steady rental income for the Group. For the year ended 31 March 2023, the total rental income and rental related income amounted to HK\$11.3 million, representing a decrease of HK\$1.0 million, or 8.3% as compared with HK\$12.3 million for the year ended 31 March 2022. It was mainly attributable to the decrease in rental income of 5 floors at Everglory Centre for the conversion of serviced office units.

(ii) Hotel Operation

Our hotel operation was suspended since 1 June 2020 for alteration and addition works. No revenue was generated from either shops or hotel accommodation for the years ended 31 March 2023 and 2022.

Manufacturing and Distribution of Plastic Packaging Materials

For the year ended 31 March 2023, this segment recorded a revenue of HK\$213.3 million, a decrease of 12.1% as compared with HK\$242.6 million in the preceding year. The segment profit was HK\$21.2 million, representing a decrease of 5.4% from the preceding year of HK\$22.4 million.

During the year, global economy continues to take a hit from high inflation, a slowdown in China caused by virus-mitigation measures and ongoing fallout from Russia's war in Ukraine. Furthermore, the global transition towards an environmental friendly economy has a significant implication to the plastics industry. More countries within the EU formulated their own policies to phase out single use plastic (SUP) products; Hong Kong increased its plastic bag levy from HK\$0.5 to HK\$1 and scrapped some exemptions from 31 December 2022. Both are just some of the many examples taken to curb plastic pollution.

Broking and Securities Margin Financing

During the reporting period, the securities business is still facing tough time due to the low overall market turnover, the average daily turnover was about HK\$128 billion. Hong Kong stock market fluctuated fiercely; Hang Seng Index dropped to its lowest point of 14,597 on October 2022 and has a retaliatory rebound to reach its highest point of 22,700 by the end of January 2023, which has a variance of 8,000 points approximately.

As the Covid-19 prevention and control measures have been optimized, the economic recovery is expected to accelerate in 2023, with the hope that investors' confidence will resume gradually. Amid with China's economy will likely show some sign of resurgence and its GDP is forecasted to reach 5% year-on-year in 2023. But due to the soft global demand, manufacturing sector activities is still relatively sluggish. Meanwhile, the collapse of some American banks in March this year would demise the market to spark widen banking crisis and lead to a substantial economic recession.

For the year ended 31 March 2023, our business was in a loss under a difficult business environment with a decrease of 35.6% in brokerage commission to HK\$5.3 million as compared with HK\$8.2 million in the last financial year. Meanwhile, interest income from our margin client had a drop of 28.6% to HK\$6.8 million as compared with HK\$9.6 million in the last financial year as margin client inclined to hold stock when market atmosphere is uncertain. Additionally, this segment had an provision for ECL allowance of trade and other receivables and loan receivables at HK\$6.1 million during the year. As a result, loss from operation was HK\$10.0 million (2022: profit from operation of HK\$10.6 million).

Strategic and Prospects

Looking ahead, as the instability and the volatility of global environment and the evolving global pandemic are predicted to persist, our businesses may be adversely affected. To cope with the uncertainties, we will cautiously review and adjust our business strategies from time to time.

Property Investment, Development and Leasing/Hotel Operation

(i) Property Investment, Development and Leasing

Though Hong Kong property market impacted by factors including inflation and high interest rates for the near term and an oversupply of apartments, there is no more stringent anti-COVID measures as well as the return of mainland Chinese following the reopening of the border, together with selected central banks have showed signs of slowing interest rate hikes. This gives Hong Kong's real estate market reason to be cautiously optimistic across both the leasing and investment sectors.

Marketed under the brand of WorkCave Hong Kong, the Phase 3 Development Project in Everglory Centre involves the conversion of 5 conventional office floors into serviced office units, packaging with co-working spaces and prestige corporate services tailored for small and medium enterprises. It can better meet the needs of start-ups and young companies than traditional commercial buildings. At the same time, it is more flexible than pure open space to meet the expansion needs of companies. The new floors were launched in May 2023, which will significantly increase the revenue generated by the building.

In August 2019, Gainful Sky Hong Kong Limited ("GSHK"), a subsidiary of the Company has submitted a S12A rezoning application of No. 1 Lei Muk Road, Kwai Chung to rezone the site from "Open Space" to Other Specified Uses annotated "Buildings with Historical and Architectural Interests Preserved for Social Welfare Facility Use" to the Town Planning Board ("TPB"). The application was partially approved by TPB in October 2020.

Subsequent to current financial year, GSHK has submitted an application for Land Sharing Pilot Scheme for redeveloping the site into a residential development cum Residential Care Home for the Elderly in May 2023 to the Development Bureau (DEVB) for vetting. It is proposed that the overall plot ratio of the redevelopment shall be approximately at 6.3 with domestic gross floor area of about 60,000 square meters and 1,212 additional housing units, and no less than 70% of the increased domestic gross floor area are set aside for public housing or Starter Homes development.

Seeing the instability during the year and in the near future, the Group had taken a cautious approach in its business development to mitigate the risks and maintain healthy growth. The Group will monitor the market closely and consider different opportunities and strategies in order to make use of our property portfolio to generate favourable return.

(ii) *Hotel Operation*

Hotel Benito is carrying out a major alteration and addition works. The foundation works of the alteration and addition works were completed in October 2022, followed by the superstructure works started in October 2022. Target completion of superstructure including obtaining Occupation Permit for the building is in April 2024.

Manufacturing and Distribution of Plastic Packaging Materials

As quarantine-free travel resumes for both domestically and internationally, global economy is finally seeing some light at the end of the tunnel. However, more regulations for plastic packaging are down the pipeline with EU proposing a mandatory use of post-consumer recycled (PCR) material under the Packaging and Packaging Waste Regulation (PPWR) to reduce packaging pollution and help build a circular economy for packaging by 2030 and Hong Kong implementing Municipal Solid Waste (MSW) Charging scheme to reduce overall waste disposal at landfills by 2024.

In face with the global transition towards an environmentally friendly economy, we will upgrade our manufacturing facilities and processing technology to facilitate with the increase in uptake of recycle plastics, bio-based plastics and biodegradable materials.

Broking and Securities Margin Financing

Looking forward to 2023, investment's environment of the first half year is still challenging. There are multiple negative factors including gloomy global economic prospects, a tendency of de-globalization and continue geopolitical conflicts. Due to rising protectionism, many countries implement trade containment measures against China. Moreover, to cope with inflation, The Federal Reserve continues to increase in interest rate, it is afraid that it would affect the earning of the entrepreneurs adversely and also lead to economic recession.

Recently, the restructure of some China's enterprises drive up the market momentum in technology sectors.

As our business performance is highly correlated with the external factors and the overall turnover of the market, we might perform better until the global circumstances become stable and calm. It is expected that the investment situation would improve in the second half of the year.

Liquidity and Financial Resources

The Group takes a consistent capital management strategy, providing adequate liquidity to meet the requirement of the Group's developments and operations and monitors its capital on the basis of net debt to equity ratio.

As at 31 March 2023, the Group's net current assets was HK\$12.8 million (2022: net current liabilities of HK\$52.9 million). The Group changed from a net current liabilities position to net current assets position mainly because the Group secured a new instalment loan from a bank in June 2022 for the amount of HK\$60.0 million, to be repayable in 240 months.

As at 31 March 2023, cash and cash equivalents were HK\$98.2 million (2022: HK\$83.5 million) and trade and other receivables were HK\$96.6 million (2022: HK\$154.8 million). Trade and other payables were HK\$117.4 million (2022: HK\$145.0 million).

As at 31 March 2023, the Group's bank loans were HK\$280.7 million (2022: HK\$337.2 million), in which the short term borrowings amounted to HK\$224.7 million (2022: HK\$337.2 million) and long term borrowings amounted to HK\$56.0 million (2022: nil). The Group's current year net debt to equity ratio was 16.9% (2022: 23.6%), calculated on the basis of the Group's total debts less restricted cash and cash and cash equivalents divided by total equity attributable to owners of the Company. The net debt to equity ratio decreased compared to last year due to decrease in bank loans and increase in cash and cash equivalents during the year.

Capital Structure

As at 31 March 2023, the total equity attributable to owners of the Company amounted to HK\$1,070.5 million (2022: HK\$1,063.9 million). The Group's consolidated net assets per share was HK\$4.8 (2022: HK\$4.8).

Foreign Exchange Exposure

The Group operates in Hong Kong and the PRC and majority of transactions are denominated in HK\$, United States dollar ("US\$") and Renminbi ("RMB"). Foreign exchange risk arises from commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group entities.

The Group currently does not have a foreign currency hedge policy. In order to mitigate the foreign currency risk, management closely monitors such risks and will consider hedging significant foreign currency exposure should the need arise.

The Group is not exposed to significant foreign exchange risk in respect of HK\$ against the US\$ as long as this currency is pegged.

Material Acquisitions and Disposals

During the year ended 31 March 2023, a new investor exercised a share option to subscribe for new shares of Titan Dragon. With the new share issues of Titan Dragon, the Group's interest in Titan Dragon was reduced from 49% as at 31 March 2022 to 33.22% as at 31 March 2023. These transactions have resulted in the deemed partial disposal of the Group's investment in Titan Dragon, and resulted in a deemed disposal gain of HK\$31.0 million mainly because of the increase in the net asset value per share of Titan Dragon immediately after subscription of shares by the new investor.

Other than as disclosed above, the Group did not have any material disposals of subsidiaries and associated companies during the year ended 31 March 2023.

During the year ended 31 March 2022, there was no material acquisitions or disposals of subsidiaries or associated companies.

Employees and Remuneration Policies

The Group had 270 employees as at 31 March 2023 (2022: 278 employees). Employees were remunerated according to nature of the job and market trend.

DIVIDENDS

The Board has recommended the payment of a final dividend of HK3 cents per ordinary share (2022: HK3 cents per ordinary share) in respect of the year ended 31 March 2023 to all Shareholders of the Company whose name appear on the register of members of the Company on 1 September 2023. Subject to the approval of shareholders at the forthcoming annual general meeting (the "AGM"), the payment of the final dividend will be made on 6 October 2023.

ANNUAL GENERAL MEETING

The AGM will be convened to be held on Friday, 25 August 2023. The Notice of AGM will be published on the websites of the Company and Stock Exchange and sent to the shareholders of the Company, together with the Company's 2022/23 Annual Report, in due course.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Tuesday, 22 August 2023 to Friday, 25 August 2023, both days inclusive, during which period no share transfers can be registered. In order to be eligible to attend and vote at the AGM, all transfer, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar,

Union Registrars Limited at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, not later than 4:00 p.m. on Monday, 21 August 2023.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed from Thursday, 31 August 2023 to Friday, 1 September 2023, both dates inclusive, during which period no share transfers can be registered. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company’s Share Registrar, Union Registrars Limited at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, not later than 4:00 p.m. on Wednesday, 30 August 2023.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares during the year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year, the Company has complied with all those code provisions set out in the Code on Corporate Governance Practices (“Code”) contained in Appendix 14 of the Listing Rules except the following deviations:

Pursuant to Code A.2.1, the roles of chairman and chief executive officer should be performed by different individuals. Currently, the two roles are performed by the same individual. After reviewing the management structure, the Board is of the opinion that Board decisions are collective decisions of all Directors made by way of voting and not decisions of the Chairman of the Board alone. Further, there is a clear division of responsibilities with independent operations between the Board members and the management of the day-to-day business of the Company. As such, the power of management of the Company is not concentrated in any one individual. The Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group.

Pursuant to Code Provision A.2.7, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. During the year ended 31 March 2023, a formal meeting could not be arranged between the chairman and the independent non-executive directors without the presence of other directors due to the tight schedules of the chairman and the independent non-executive directors. Although such meeting was not held during the year, the chairman has delegated the company

secretary of the Company to gather any concerns and/or questions that the independent non-executive directors might have and report to him for setting up follow-up meetings, whenever necessary.

Pursuant to Code A.6.7, independent non-executive directors and non-executive directors, as equal board members, should attend general meetings of the Company. During the year, a non-executive director and an independent non-executive director were unable to attend the annual general meeting of the Company held on 26 August 2022 as they had other business engagements.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' DEALING IN SECURITIES

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (“Model Code”) as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors of the Company. The Company has made specific enquiry of all Directors and all the Directors have complied with the required standard laid down in the Model Code.

AUDIT COMMITTEE

The audit committee, comprising four independent non-executive directors of the Company, and two non-executive directors of the Company, has reviewed the financial reporting process, risk management and internal control system of the Group. The annual results of the Group for the year ended 31 March 2023 have been reviewed by the Audit Committee, prior to their approval by the Board.

REVIEW BY AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2023 have been agreed by the Company's auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Grant Thornton Hong Kong Limited on the preliminary announcement.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.seapnf.com.hk. The Company's annual report for 2022/2023 will be despatched to the Shareholders of the Company and available on the above websites in due course.

On behalf of the Board
Southeast Asia Properties & Finance Limited
Chua Nai Tuen
Chairman and Managing Director

Hong Kong, 29 June 2023

As at the date of this announcement, the Board comprises: (1) Mr. Chua Nai Tuen, Mr. Nelson Junior Chua and Mr. Richard Sy Tan as executive directors; (2) Mr. Chan Man Hon, Eric, Mr. Jimmy Siy Tiong, Mr. Tsai Han Yung and Ms. Vivian Chua as non-executive directors; and (3) Mr. Chan Siu Ting, Mr. James L. Kwok, Mr. Tsui Ka Wah and Dr. Luk Siu Chuen as independent non-executive directors.