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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 2022**

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 2022 as below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2022

	Notes	2022 HK\$	2021 HK\$
Revenue	5	274,414,996	260,322,083
Cost of sales		<u>(191,901,750)</u>	<u>(174,373,962)</u>
Gross profit		82,513,246	85,948,121
Other revenue and other income		3,129,628	6,398,854
Gain/(Loss) arising from change in fair value of investment properties		18,709,722	(47,586,253)
Gain arising from financial assets at fair value through profit or loss (“FVTPL”)		4,529,966	1,034,431
Selling and distribution expenses		(10,002,284)	(5,965,132)
Administrative expenses		(49,915,403)	(65,917,600)
(Provision for)/Reversal of expected credit loss (“ECL”) allowance of trade and other receivables		(1,734,448)	2,581,571
Other operating expenses		(991,051)	(105,198)
Finance costs	6	(9,016,277)	(7,292,699)
Share of results of associates		(696,348)	(3,397,622)
Impairment loss recognised in respect of amount due from an associate		(5,579,857)	(1,782,976)
Gain on disposal of subsidiaries		–	53,407,082
Profit before income tax		30,946,894	17,322,579
Income tax expense	7	(4,209,278)	(8,779,924)
Profit for the year	8	<u>26,737,616</u>	<u>8,542,655</u>
Profit for the year attributable to:			
Owners of the Company		26,512,717	6,266,111
Non-controlling interests		224,899	2,276,544
		<u>26,737,616</u>	<u>8,542,655</u>
Earnings per share attributable to owners of the Company			
Basic and diluted (HK cents)	10	<u>11.8</u>	<u>2.8</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Note</i>	2022 HK\$	2021 HK\$
Profit for the year	8	26,737,616	8,542,655
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		5,186,444	10,156,904
<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>1,236,002</u>	—
Other comprehensive income for the year		<u>6,422,446</u>	<u>10,156,904</u>
Total comprehensive income for the year		<u>33,160,062</u>	<u>18,699,559</u>
Total comprehensive income attributable to:			
Owners of the Company		32,639,636	15,782,033
Non-controlling interests		<u>520,426</u>	<u>2,917,526</u>
		<u>33,160,062</u>	<u>18,699,559</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022 HK\$	2021 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		164,552,045	153,222,523
Right-of-use assets		14,222,233	14,281,194
Investment properties		827,435,164	805,236,720
Interests in associates		13,340,173	14,422,890
Intangible assets		3,501,501	3,702,706
Other assets		2,700,000	2,962,454
Financial asset at FVOCI (non-recycling)		73,132,554	15,000,000
Loan receivables	<i>11</i>	41,883,085	–
Deposits and prepayments		–	17,895,490
Deferred tax assets		3,389,741	2,671,782
		1,144,156,496	1,029,395,759
Current assets			
Inventories		60,643,963	48,929,873
Trade and other receivables	<i>12</i>	154,769,751	120,233,466
Deposits and prepayments		5,114,367	5,812,334
Tax recoverable		2,000,686	251,736
Restricted cash		4,100,000	4,100,000
Financial assets at FVTPL		34,600,000	22,502,500
Trust accounts of shares dealing clients		88,603,357	91,918,726
Cash and cash equivalents		83,536,258	159,575,769
		433,368,382	453,324,404

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2022

	<i>Note</i>	2022 HK\$	2021 HK\$
Current liabilities			
Trade and other payables	13	145,006,871	134,382,272
Contract liabilities		1,228,797	1,421,221
Bank loans		337,169,106	106,869,971
Amount due to an associate		1,490,170	666,695
Lease liabilities		1,062,992	1,005,704
Tax payable		287,594	4,524,637
		<u>486,245,530</u>	<u>248,870,500</u>
Net current (liabilities)/assets		<u>(52,877,148)</u>	<u>204,453,904</u>
Total assets less current liabilities		<u>1,091,279,348</u>	<u>1,233,849,663</u>
Non-current liabilities			
Bank loans		–	168,279,062
Amount due to a non-controlling interest		3,270,000	3,170,000
Deferred tax liabilities		13,795,122	13,190,836
		<u>17,065,122</u>	<u>184,639,898</u>
Net assets		<u><u>1,074,214,226</u></u>	<u><u>1,049,209,765</u></u>
EQUITY			
Share capital		245,062,941	245,062,941
Reserves		818,819,351	792,942,316
		<u>1,063,882,292</u>	<u>1,038,005,257</u>
Equity attributable to owners of the Company		<u>1,063,882,292</u>	<u>1,038,005,257</u>
Non-controlling interests		<u>10,331,934</u>	<u>11,204,508</u>
Total equity		<u><u>1,074,214,226</u></u>	<u><u>1,049,209,765</u></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 2022 were approved for issue by the board of directors on 29 June 2022.

The financial information relating to the years ended 31 March 2022 and 2021 included in this preliminary announcement of results does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 March 2022 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

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

Amended HKFRSs that are effective for annual periods beginning on 1 April 2021

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“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 2021:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

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	
	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Segment revenue								
– from external customers	<u>12,339,775</u>	<u>16,534,210</u>	<u>242,646,651</u>	<u>224,588,702</u>	<u>19,428,570</u>	<u>19,199,171</u>	<u>274,414,996</u>	<u>260,322,083</u>
Segment results	(10,110,061)	(15,228,807)	22,410,100	32,588,591	10,643,097	6,615,263	22,943,136	23,975,047
Gain on deregistration of a subsidiary	603,630	-	-	-	-	-	603,630	-
Gain on disposal of subsidiaries	-	53,407,082	-	-	-	-	-	53,407,082
Gain/(Loss) arising from change in fair value of investment properties	<u>18,709,722</u>	<u>(47,586,253)</u>	-	-	-	-	<u>18,709,722</u>	<u>(47,586,253)</u>
	<u>9,203,291</u>	<u>(9,407,978)</u>	<u>22,410,100</u>	<u>32,588,591</u>	<u>10,643,097</u>	<u>6,615,263</u>	<u>42,256,488</u>	<u>29,795,876</u>
Unallocated finance costs							(5,033,389)	(7,292,699)
Share of results of associates							(696,348)	(3,397,622)
Impairment loss recognised in respect of amount due from an associate							(5,579,857)	(1,782,976)
Profit before income tax							30,946,894	17,322,579
Income tax expense							(4,209,278)	(8,779,924)
Profit for the year							<u>26,737,616</u>	<u>8,542,655</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 asset 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	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Hong Kong (domicile)	73,614,489	82,545,970	931,808,792	896,139,588
PRC	68,813,446	48,379,241	91,159,642	94,257,394
Japan	49,629,054	56,421,151	–	–
Oceania	47,577,905	43,830,092	–	–
North America	21,131,400	14,537,567	–	–
Europe	13,648,702	14,608,062	–	–
	<u>274,414,996</u>	<u>260,322,083</u>	<u>1,022,968,434</u>	<u>990,396,982</u>

5. REVENUE

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

	2022	2021
	HK\$	HK\$
Revenue from contracts with customers		
Sales of goods	242,646,652	224,588,702
Brokerage commission	8,175,032	11,020,689
Hotel accommodation income (<i>Note</i>)	–	525,351
	250,821,684	236,134,742
Revenue from other sources		
Rental and related income	12,339,775	16,008,859
Interest income received from clients	9,592,350	7,596,539
Dividend income from listed equity securities	1,661,187	581,943
	23,593,312	24,187,341
Total revenue	274,414,996	260,322,083

Note: No hotel accommodation income during the year ended 31 March 2022 was mainly due to temporary suspension of hotel operation business in Hong Kong from 1 June 2020 for alteration and addition works.

Disaggregation of revenue from contracts with customers with the scope of HKFRS 15

The Group derives revenue from the transfer of goods and services over time and at a point in time as follows:

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Timing of revenue recognition		
At a point in time	250,821,684	235,609,391
Over time	–	525,351
	<u>250,821,684</u>	<u>236,134,742</u>

6. FINANCE COSTS

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Interest expenses on:		
Bank loans	4,693,899	6,783,974
Other borrowings	20,678	113,413
Finance charges on loans to a private company	3,982,888	–
Finance charges on lease liabilities	11,564	17,443
Bank charges	307,248	377,869
	<u>9,016,277</u>	<u>7,292,699</u>

7. INCOME TAX EXPENSE

	2022	2021
	HK\$	HK\$
Hong Kong Profits Tax		
– Current tax	3,431,663	6,141,858
– Under provision in prior years	347,089	101,002
	<u>3,778,752</u>	<u>6,242,860</u>
PRC Enterprise Income Tax (“EIT”)		
– Current tax	502,510	697,847
– Under/(Over) provision in prior years	41,689	(19,455)
	<u>544,199</u>	<u>678,392</u>
Deferred tax (credit)/charge	<u>(113,673)</u>	<u>1,858,672</u>
Total income tax expense	<u>4,209,278</u>	<u>8,779,924</u>

The provision for Hong Kong Profits Tax for 2022 is calculated at 16.5% (2021: 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 2021.

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):

	2022	2021
	HK\$	HK\$
Cost of inventories sold	159,132,069	137,655,512
Direct operating expenses for generating rental income	2,282,499	2,406,122
Auditors' remuneration:		
– Audit services	925,172	851,599
– Non-audit services	–	72,100
	925,172	923,699
Depreciation:		
– Property, plant and equipment	10,042,238	10,616,413
– Right-of-use assets	1,869,280	1,799,785
	11,911,518	12,416,198
Gain on disposal of financial assets at FVTPL	(51,426)	(568,952)
Gain on change in fair value of financial assets at FVTPL	(4,478,540)	(465,479)
	(4,529,966)	(1,034,431)
Impairment loss recognised in respect of amount due from an associate	5,579,857	1,782,976
Impairment loss recognised in respect of intangible assets	201,205	–
Provision for ECL allowance of trade and other receivables	1,734,448	–
Reversal of ECL allowance of trade and other receivables	–	(2,581,571)
Bad debt written off	–	146,281
Bad debt recovered	(48,000)	(92,450)
Loss on disposal of property, plant and equipment	–	355,325
Gain on deregistration of a subsidiary	(603,630)	–
Gain on disposal of subsidiaries	–	(53,407,082)
Write-off of property, plant and equipment	1,859	11,194,022
Exchange loss, net	471,618	93,560

9. DIVIDENDS

(a) Dividends attributable to the year:

	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
Proposed final dividend of HK3 cents per ordinary share (2021: 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 2022.

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

	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
Final dividends in respect of the previous year, of HK3 cents per ordinary share (2021: 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\$26,512,717 (2021: HK\$6,266,111) and on the weighted average number of 225,420,034 (2021: 225,420,034) ordinary shares in issue during the year.

The diluted earnings per share for the years ended 31 March 2022 and 2021 were the same as basic earnings per share as there were no dilutive potential ordinary shares in existence for both years.

11. LOAN RECEIVABLES

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Loans to an independent borrower (<i>note a</i>)	5,107,516	–
Loans to a staff (<i>note b</i>)	4,551,560	–
Loans to a private company (<i>note c</i>)	32,224,009	–
	<u>41,883,085</u>	<u>–</u>

Notes:

- (a) 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.
- (b) 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.
- (c) The balance represents shareholder loans with principal amount of Renminbi ("RMB") 29,400,000 (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.

The management closely monitor the credit quality of the loan receivables and there are no indications that the loan receivables neither past due nor impaired will be uncollectible.

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.

	2022	2021
	HK\$	HK\$
Trade receivables from broking and securities margin financing:		
– Clearing house and cash clients	19,380,042	8,853,275
– Secured margin clients	97,211,651	84,421,554
Less: ECL allowance	(301,404)	(31,149)
	116,290,289	93,243,680
Trade receivables from sales of goods and leasing	37,910,827	25,541,918
Less: ECL allowance	(1,975,431)	(497,385)
	35,935,396	25,044,533
Other receivables	2,544,066	1,945,253
Less: ECL allowance	–	–
	2,544,066	1,945,253
	154,769,751	120,233,466

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 2022, trade receivables from cash clients and secured margin clients of HK\$6,079,234 (2021: HK\$1,801,648) 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:

	2022	2021
	HK\$	HK\$
0–30 days	20,220,121	11,750,838
31–60 days	3,850,182	4,501,644
61–90 days	4,965,430	5,712,353
91–120 days	4,454,483	2,007,958
121–365 days	2,320,914	1,031,983
Over 365 days	124,266	39,757
	<u>35,935,396</u>	<u>25,044,533</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% for the year ended 31 March 2022 (2021: 8.5%). 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 2022, the total market value of securities pledged as collateral by the customers in respect of the loans to margin clients was HK\$196,129,716 (2021: HK\$192,255,409).

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 manufacturing and distribution of plastic packaging materials and broking and securities margin financing.

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Trade payables to:		
– Clearing house and cash clients	79,119,457	87,390,567
– Secured margin clients	18,120,061	14,394,416
– Other creditors	17,379,069	9,807,823
	<u>114,618,587</u>	<u>111,592,806</u>
Accrued salaries	8,037,576	7,768,866
Accrued employee benefits	4,195,990	2,338,174
Accrued development expenditure of properties	5,502,720	–
Other accrued expenses	9,621,585	9,243,514
Rental deposits received	2,447,784	2,830,025
Advanced payment received from tenants	582,629	608,887
	<u>30,388,284</u>	<u>22,789,466</u>
	<u><u>145,006,871</u></u>	<u><u>134,382,272</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:

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
0–30 days	16,208,524	8,167,881
31–60 days	595,159	1,055,470
61–90 days	–	–
91–120 days	–	–
121–365 days	9,666	–
Over 365 days	565,720	584,472
	<u>17,379,069</u>	<u>9,807,823</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.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

For the year ended 31 March 2022, the Group recorded revenue of HK\$274.4 million, representing an increase of HK\$14.1 million, or 5.4% as compared with HK\$260.3 million for the year ended 31 March 2021. The Group recorded a profit for the year attributable to owners of the Company of HK\$26.5 million, an increase of HK\$20.2 million, or 323.1% as compared to a profit of HK\$6.3 million in the last financial year. The increase in profit were mainly attributable to the gain on change in fair value of investment properties of HK\$18.7 million as compared with a loss of HK\$47.6 million in the preceding year, net-off by the decrease in gain on disposal of subsidiaries of HK\$53.4 million.

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 2022, this segment recorded revenue of HK\$12.3 million representing, a decrease of HK\$4.2 million or 25.4% as compared with HK\$16.5 million for the year ended 31 March 2021. Loss from operations was HK\$10.1 million, representing a decrease in loss of HK\$5.1 million, or 33.6% as compared with loss from operations of HK\$15.2 million for the year ended 31 March 2021. The decrease in loss was mainly attributable to the HK\$11.2 million write-off of property, plant and equipment recognized in the last financial year due to the demolition of the hotel.

(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 2022, the total rental income and rental related income amounted to HK\$12.3 million, representing a decrease of HK\$3.7 million, or 22.9% as compared with HK\$16.0 million for the year ended 31 March 2021. It was mainly attributable to lease termination of shops on ground floor of hotel building due to alteration and addition works since September 2020.

(ii) Hotel Operation

Our hotel operation was suspended since 1 June 2020 for alteration and addition works, hotel accommodation income recorded for the year ended 31 March 2021 was HK\$0.5 million.

Manufacturing and Distribution of Plastic Packaging Materials

For the year ended 31 March 2022, this segment recorded a revenue of HK\$242.6 million, an increase of HK\$18.0 million or 8.0% as compared with HK\$224.6 million for the year ended 31 March 2021. However, the segment profit was HK\$22.4 million, a decrease of HK\$10.2 million or 31.2% as compared with HK\$32.6 million for the year ended 31 March 2021, due to the increase in cost of sales, particularly cost of raw materials and ocean freights, and the relief measures by both the PRC and Hong Kong Government in 2020 wears off.

Lingering virus-mitigation measures continue to limit efforts to return the supply chain to pre-pandemic levels, instigating the cost of both raw materials and logistics to record high. Furthermore, the United States dollar has strengthened against a basket of major currencies, which in turn impacted our customers' sentiment towards their sales forecast and delayed their marketing and procurement decisions.

Broking and Securities Margin Financing

With the fifth wave of COVID-19 pandemic rampaging in Hong Kong and variant of virus lingering over countries, continuous lockdowns led to a tougher business environment. Tensions between Russia and Ukraine will likely cause more uncertainties amid the already fragile global economy.

Market was influenced by lots of negative factors which affected investors' confidence. Recently, the PRC authorities has imposed series of regulatory policy on various sectors, and also the Chinese concept stocks listed in the United States are facing the risk of being delisted if they could not fulfill the accounting standards required by them.

The momentum of the worldwide investment market was weak. Dow Jones and Nasdaq fell into 'bear zone', Hong Kong stock market was inevitably dragged down by the sentiment. During the reporting period, Hang Seng Index dropped from its highest point of 29,305 in June 2021 to its lowest points of 18,235 in March 2022, a drop of almost 11,000 points. The average daily turnover was about HK\$167 billion.

For the year ended 31 March 2022, the brokerage commission was HK\$8.2 million, a decrease of HK\$2.8 million or 25.8% as compared with HK\$11.0 million for the year ended 31 March 2021 due to shrinkage in market turnover under the uncertain economic situation. However, the interest received from clients increased by HK\$2.0 million to HK\$9.6 million or 26.3% as compared to HK\$7.6 million recorded for the year ended 31 March 2021. The segment profit amounted to HK\$10.6 million, an increase of HK\$4.0 million or 60.9% as compared to the profit of HK\$6.6 million for the year ended 31 March 2021. The increase in segment profit was mainly attributed to the increase in gain arising from financial assets at fair value through profit & loss amounted to HK\$3.5 million and the increase in dividend income by HK\$1.1 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

The pandemic, global uncertainty stoked by the Ukraine crisis and shaky world economy slowed the recovery of Hong Kong's property market. Accordingly, certain leases will be adjusted during contract renewal according to market conditions. Due to the Group's diversified property portfolio, rental income from the Group's investment properties is expected to remain stable. Our Phase 3 development project in Everglory Centre involves the conversion of 5 more floors into serviced office units, which will be packaged with prestige corporate services tailored for small and medium enterprises. The conversion project is expected to complete in the first half of 2023, which will significantly increase the revenue generated by the building.

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

The Group has suspended its hotel operation business in Hong Kong from 1 June 2020 for alterations and addition works. There was slight delay in the construction of the foundation work due to the COVID-19 pandemic. According to the current progress of the works on site, the foundation work is expected to be completed in August 2022. The superstructure work will then commence after completion of the foundation work.

Manufacturing and Distribution of Plastic Packaging Materials

With the global pandemic lingering on and the prolong conflicts between Russia-Ukraine continues, it is unpredictable when the global economy can recover. Furthermore, European Union issued a directive 2019/904 phasing out unnecessary single use plastic (SUP) products, reduce consumption and transition to reusable alternatives will have significant implication to the global plastics industry.

In face with the current challenges, we will continue to optimize and upgrade our manufacturing facilities to enhance competitiveness, promote uptake of recycle plastics and propose adding plastic identification codes to facilitate the collection for recycling in the future.

Broking and Securities Margin Financing

Looking ahead, there are still lots of marco-element unflavored the investment market. The United States Federal Reserve has launched its scale of increase in interest rate as from March 2022 and expected to contract the volume of the Quantitative Ease (QE) later this year. Market is waiting to respond to the degree of progress.

Moreover, the geographic tension between Russia and Ukraine, countries are taking measures to sanction against Russia that would push up the persistently high-level energy, food prices and maritime transportation costs. As a result, it would threaten the global supply chains and trigger risk of inflation.

In the volatile market situation, we adjust our marketing and operating strategies on a prudent basis timely. At the same time, we encourage our account executives and clients to work from home by using our on-line trading platform during the pandemic period.

According to the statistics of the Stock Exchange, Stockwell Securities Limited (“SSL”) ranked for the position of 121 among the total number of 602 Exchange Participants in 2021.

SSL has been established in Hong Kong for more than 40 years, and will carry out amalgamation with Stockwell Commodities Limited on 1 July 2022.

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 2022, the Group’s net current liabilities was HK\$52.9 million (2021: net current assets of HK\$204.5 million). The Group changed from a net current assets position in 2021 to net current liabilities position in 2022 mainly because of a five-year term loan with remaining balance of approximately HK\$166.0 million would be mature in the coming financial year and was reclassified from non-current to current borrowings as at 31 March 2022. The directors are of the opinion that the Group will have sufficient working capital to finance its operations and continue as a going concern given that: (i) the Group had bank balances and cash of HK\$83.5 million as at 31 March 2022 which enable the Group to meet its payment obligations at all times; (ii) as at 31 March 2022, the Group had undrawn facilities totalling HK\$171.1 million which were the overdraft and the revolving loan facilities granted by the banks; (iii) the directors have reviewed the likelihood of renewal of the term loan, which the directors believed that the term loan can be renewed upon the expiry; and (iv) the management has prepared cash flow forecasts which demonstrated that the Group had sufficient working capital over the next twelve months from the reporting date.

As at 31 March 2022, cash and cash equivalents were HK\$83.5 million (2021: HK\$159.6 million) and trade and other receivables were HK\$154.8 million (2021: HK\$120.2 million). Trade and other payables were HK\$145.0 million (2021: HK\$134.4 million). The decrease in cash and cash equivalents were mainly attributable to subscription of additional interests for investment in a PRC property and the payment of alteration and addition works of our hotel.

As at 31 March 2022, the Group's bank loans were HK\$337.2 million (2021: HK\$275.2 million), in which the short term borrowings amounted to HK\$337.2 million (2021: HK\$106.9 million) and long term borrowings amounted to HK\$nil (2021: HK\$168.3 million). The Group's current year net debt to equity ratio was 23.5% (2021: 10.7%), 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 increased significantly due to increase in bank loans and decrease in cash and cash equivalents during the year.

Capital Structure

As at 31 March 2022, the total equity attributable to owners of the Company amounted to HK\$1,063.9 million (2021: HK\$1,038.0 million). The Group's consolidated net assets per share as at the reporting date was HK\$4.8 (2021: HK\$4.7).

Foreign Exchange Exposure

The Group operates in Hong Kong and 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 2022, there was no material acquisitions or disposals of subsidiaries or associated companies.

On 25 January 2021, the Group disposed its entire interest in a direct wholly-owned subsidiary, Nan Sing Investment Limited, together with a wholly-owned subsidiary, Nan Sing Realty Company Limited to an independent third party at a consideration of HK\$179,825,621, which was settled in January 2021.

Employees and Remuneration Policies

The Group had 278 employees as at 31 March 2022 (2021: 291 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 (2021: HK3 cents per ordinary share) in respect of the year ended 31 March 2022 to all Shareholders of the Company whose name appear on the register of members of the Company on 2 September 2022. Subject to the approval of shareholders at the forthcoming annual general meeting (the “AGM”), the payment of the final dividend will be made on or about 8 October 2022.

ANNUAL GENERAL MEETING

The AGM will be convened to be held on Friday, 26 August 2022. The Notice of AGM will be published on the websites of the Company and the Stock Exchange and sent to the shareholders of the Company, together with the Company’s 2021/22 Annual Report, in due course.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Tuesday, 23 August 2022 to Friday, 26 August 2022, both days inclusive, during which period no share transfers can be registered. In order to 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, General Secretarial Services Limited at 26th Floor, KP Tower, 93 King’s Road, North Point, Hong Kong, not later than 4:30 p.m. on Monday, 22 August 2022.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed from Thursday, 1 September 2022 to Friday, 2 September 2022, 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, General Secretarial Services Limited at 26th Floor, KP Tower, 93 King’s Road, North Point, Hong Kong, not later than 4:30 p.m. on Wednesday, 31 August 2022.

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 2022, 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 27 August 2021 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 2022 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 2022 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 2021/2022 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 2022

As at the date of this announcement, the Board comprises: (1) Mr. Chua Nai Tuen and Mr. Nelson Junior Chua 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. Wong Shek Keung and Mr. Tsui Ka Wah as independent non-executive directors.