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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)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

**INTERIM RESULTS**

The board (the “Board”) of directors (the “Directors”) of Southeast Asia Properties & Finance Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2023 (the “Reporting Period”), together with the comparative figures of the corresponding period in 2022 (the “Previous Reporting Period”) as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2023

	Notes	Six months ended 30 September	
		2023 HK\$ (Unaudited)	2022 HK\$ (Unaudited)
<b>Revenue</b>	5	<b>99,223,674</b>	138,385,192
Cost of sales		<u>(66,895,315)</u>	<u>(96,747,579)</u>
<b>Gross profit</b>		<b>32,328,359</b>	41,637,613
Other revenue and other income		<b>3,253,055</b>	4,379,774
Gain arising from change in fair value of investment properties		<b>10,348,000</b>	4,172,927
Loss arising from financial assets at fair value through profit or loss (“FVTPL”)		<b>(4,510,000)</b>	(5,103,500)
Selling and distribution expenses		<b>(1,827,467)</b>	(5,602,275)
Administrative expenses		<b>(26,540,037)</b>	(28,011,764)
Other operating income		<b>2,153,526</b>	509,754
Finance costs	6	<b>(7,192,185)</b>	(3,506,426)
Share of results of associates		<b>(1,889,155)</b>	202,090
Provision for impairment loss recognised in respect of amount due from an associate		<u>–</u>	<u>(2,167,687)</u>
<b>Profit before income tax</b>		<b>6,124,096</b>	6,510,506
Income tax expense	7	<u>(1,296,748)</u>	<u>(1,975,099)</u>
<b>Profit for the period</b>	8	<u><b>4,827,348</b></u>	<u>4,535,407</u>
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>5,663,003</b>	3,798,830
Non-controlling interests		<u>(835,655)</u>	<u>736,577</u>
		<u><b>4,827,348</b></u>	<u>4,535,407</u>
<b>Earnings per share attributable to owners of the Company</b>			
Basic and diluted ( <i>HK cents</i> )	10	<u><b>2.5</b></u>	<u>1.7</u>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	<b>Six months ended 30 September</b>	
	<b>2023</b> <i>HK\$</i> <b>(Unaudited)</b>	<b>2022</b> <i>HK\$</i> <b>(Unaudited)</b>
<b>Profit for the period</b>	<b>4,827,348</b>	4,535,407
<b>Other comprehensive expense:</b> <i>Item that will be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>(7,518,923)</u>	<u>(14,807,753)</u>
<b>Other comprehensive expense for the period</b>	<u>(7,518,923)</u>	<u>(14,807,753)</u>
<b>Total comprehensive expense for the period</b>	<u><b>(2,691,575)</b></u>	<u><b>(10,272,346)</b></u>
<b>Total comprehensive expense attributable to:</b>		
Owners of the Company	<u>(1,353,808)</u>	(10,125,800)
Non-controlling interests	<u>(1,337,767)</u>	(146,546)
	<u><b>(2,691,575)</b></u>	<u><b>(10,272,346)</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		<b>30 September 2023 HK\$ (Unaudited)</b>	31 March 2023 HK\$ (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>190,608,572</b>	170,571,154
Right-of-use assets		<b>12,619,151</b>	14,169,103
Investment properties		<b>855,984,600</b>	839,931,540
Interests in associates		<b>31,185,056</b>	33,391,765
Intangible assets		<b>3,501,501</b>	3,501,501
Other assets		<b>3,510,945</b>	2,700,000
Financial asset at fair value through other comprehensive income (“FVOCI”) (non-recycling)		<b>64,919,343</b>	65,219,287
Loan receivables		<b>37,875,778</b>	38,769,716
Deferred tax assets		<b>1,227,734</b>	1,197,210
		<b><u>1,201,432,680</u></b>	<u>1,169,451,276</u>
<b>Current assets</b>			
Inventories		<b>39,374,315</b>	45,774,572
Trade and other receivables	<i>11</i>	<b>83,397,395</b>	96,587,097
Deposits and prepayments		<b>4,988,804</b>	5,553,968
Tax recoverable		<b>3,076,281</b>	1,482,423
Restricted cash		–	4,100,000
Financial assets at FVTPL		<b>25,519,000</b>	29,009,000
Trust accounts of shares dealing clients		<b>64,638,343</b>	78,733,321
Cash and cash equivalents		<b>50,652,347</b>	98,218,450
		<b><u>271,646,485</u></b>	<u>359,458,831</u>

		<b>30 September</b>	31 March
		<b>2023</b>	2023
		<b>HK\$</b>	<b>HK\$</b>
	<i>Notes</i>	<b>(Unaudited)</b>	(Audited)
<b>Current liabilities</b>			
Trade and other payables	12	<b>103,250,094</b>	117,408,933
Contract liabilities		<b>841,620</b>	1,258,759
Bank loans		<b>50,669,328</b>	224,665,518
Lease liabilities		<b>1,395,749</b>	1,373,898
Tax payable		<b>3,757,375</b>	1,990,246
		<u><b>159,914,166</b></u>	<u>346,697,354</u>
<b>Net current assets</b>		<u><b>111,732,319</b></u>	<u>12,761,477</u>
<b>Total assets less current liabilities</b>		<u><b>1,313,164,999</b></u>	<u>1,182,212,753</u>
<b>Non-current liabilities</b>			
Bank loans		<b>190,654,204</b>	56,025,821
Lease liabilities		<b>355,874</b>	1,059,254
Amount due to an associate		<b>28,886,285</b>	29,474,443
Amount due to a non-controlling interest		<b>3,320,000</b>	3,320,000
Deferred tax liabilities		<b>11,265,254</b>	10,958,278
		<u><b>234,481,617</b></u>	<u>100,837,796</u>
<b>Net assets</b>		<u><b>1,078,683,382</b></u>	<u>1,081,374,957</u>
<b>EQUITY</b>			
Share capital		<b>245,062,941</b>	245,062,941
Reserves		<b>824,058,056</b>	825,411,864
Equity attributable to owners of the Company		<b>1,069,120,997</b>	1,070,474,805
Non-controlling interests		<b>9,562,385</b>	10,900,152
<b>Total equity</b>		<u><b>1,078,683,382</b></u>	<u>1,081,374,957</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2023*

## 1. GENERAL INFORMATION

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 Group include investment holding, property investment, development and leasing, hotel operation, manufacturing and distribution of plastic packaging materials and broking and securities margin financing.

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

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The financial information relating to the year ended 31 March 2023 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year 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 (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622).

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

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial assets which are stated at fair values.

The condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2023.

### **3. PRINCIPAL ACCOUNTING POLICIES**

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 March 2023 except as stated below.

#### **The adoption of amendments to standards and framework**

The Group adopted the following amendments to standards and framework, which are relevant to its operations.

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The above amendments to standards and framework did not have significant impact on the Group's accounting policies and did not require retrospective adjustments.

#### 4. SEGMENT INFORMATION

The Group determines operating segments based on internal reports that are regularly reviewed by the chief operating decision maker (“CODM”) for the purpose of resource allocation and assessment of segment performance between segments and that are used to make strategic decisions.

The CODM has been identified as the directors of the Company. The CODM review the Group’s internal reporting for the purposes of resources allocation and the assessment of segment performance and have determined the operating segments based on these reports.

The CODM consider the business from both a geographic and product perspective. From geographic and product perspective, the CODM assess as the performance of (i) property investment, development and leasing/hotel operation, (ii) manufacturing and distribution of plastic packaging materials and (iii) broking and securities margin financing.

In a manner consistent with the way in which information is reported internally to the CODM for the purposes of resources allocation and assessment of segment performance, the Group is currently organised into the following operating segments:

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.

**(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 plastics packaging materials		Broking and securities margin financing		Consolidated	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue — from external customers	<u>6,855,408</u>	<u>6,075,948</u>	<u>85,607,141</u>	<u>123,657,078</u>	<u>6,761,125</u>	<u>8,652,166</u>	<u>99,233,674</u>	<u>138,385,192</u>
Segment results	(1,847,117)	(3,690,958)	10,659,382	13,893,774	(3,954,829)	(2,393,214)	4,857,436	7,809,602
Gain arising from change in fair value of investment properties	<u>10,348,000</u>	<u>4,172,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,348,000</u>	<u>4,172,927</u>
<b>Profit/(Loss) from operations</b>	<b>8,500,883</b>	<b>481,969</b>	<b>10,659,382</b>	<b>13,893,774</b>	<b>(3,954,829)</b>	<b>(2,393,214)</b>	<b>15,205,436</b>	<b>11,982,529</b>
Unallocated finance costs							(7,192,185)	(3,506,426)
Share of results of associates							(1,889,155)	202,090
Impairment loss recognised in respect of amount due from an associate							<u>-</u>	<u>(2,167,687)</u>
<b>Profit before income tax</b>							<b>6,124,096</b>	<b>6,510,506</b>
<b>Income tax expense</b>							<b>(1,296,748)</b>	<b>(1,975,099)</b>
<b>Profit for the period</b>							<b><u>4,827,348</u></b>	<b><u>4,535,407</u></b>

## (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.

	<b>Revenue from external customers</b>		<b>Non-current assets</b>	
	<b>Six months ended</b>		<b>30</b>	<b>31</b>
	<b>30 September</b>		<b>September</b>	<b>March</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Hong Kong (domicile)	<b>26,489,706</b>	31,178,970	<b>1,009,513,974</b>	958,944,707
PRC	<b>17,680,396</b>	38,602,168	<b>107,746,965</b>	84,278,136
Japan	<b>22,436,245</b>	27,705,269	–	–
Oceania	<b>19,169,033</b>	24,782,937	–	–
North America	<b>7,575,618</b>	9,833,020	–	–
Europe	<b>5,872,676</b>	6,282,828	–	–
	<b><u>99,223,674</u></b>	<u>138,385,192</u>	<b><u>1,117,260,939</u></b>	<u>1,043,222,843</u>

## 5. REVENUE

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

	Six months ended 30 September	
	2023 <i>HK\$</i> (Unaudited)	2022 <i>HK\$</i> (Unaudited)
<b>Revenue from contracts with customers</b>		
Sale of goods	85,607,141	123,657,078
Brokerage commission	2,337,365	2,998,200
	<u>87,944,506</u>	<u>126,655,278</u>
<b>Revenue from other sources</b>		
Rental income and rental related income	6,855,408	5,598,432
Interest income received from clients	3,097,907	3,866,778
Dividend income from listed equity securities	1,325,853	1,787,188
Dividend income from unlisted securities	–	477,516
	<u>11,279,168</u>	<u>11,729,914</u>
<b>Total revenue</b>	<u><u>99,223,674</u></u>	<u><u>138,385,192</u></u>

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

The Group derives revenue from the transfer of goods and services at a point in time during the Reporting Period and the Previous Reporting Period.

## 6. FINANCE COSTS

	Six months ended 30 September	
	2023 HK\$ (Unaudited)	2022 HK\$ (Unaudited)
Interest expenses on:		
Bank loans	3,667,749	3,269,794
Other borrowings	135,691	968
Imputed Interest expenses to amount due to an associate	979,843	–
Finance charges on lease liabilities	33,971	8,885
Bank charges	2,374,931	226,779
	<u>7,192,185</u>	<u>3,506,426</u>

## 7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2023 HK\$ (Unaudited)	2022 HK\$ (Unaudited)
Current tax:		
Provision for the period	1,020,296	1,470,124
Deferred tax charge	<u>276,452</u>	<u>504,975</u>
Total income tax expense for the period	<u>1,296,748</u>	<u>1,975,099</u>

The provision for Hong Kong Profits Tax for both periods are calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the period, 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 million of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2 million are taxed at 16.5%.

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 periods.

## 8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging/(crediting):

	<b>Six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of inventories sold	<b>53,314,549</b>	80,912,034
Direct operating expenses for generating rental income	<b>1,098,030</b>	1,240,862
Depreciation:		
– Property, plant and equipment	<b>4,225,379</b>	4,476,948
– Right-of-use assets	<b>929,038</b>	975,955
	<b>5,154,417</b>	5,452,903
Loss arising from change in fair value of financial assets at FVTPL	<b>4,510,000</b>	5,103,500
Bad debt recovered	<b>(29,000)</b>	(24,000)
Exchange gain, net	<b>(2,184,575)</b>	(566,108)
Staff costs (including directors' emoluments):		
– Salaries, wages and allowances	<b>19,653,667</b>	23,734,070
– Staff benefits	<b>454,953</b>	426,755
– Retirement benefit schemes contributions	<b>1,275,776</b>	1,273,706
	<b>21,384,396</b>	25,434,531

## 9. DIVIDENDS

The Board does not recommend the payment of any interim dividends for the Reporting Period (Previous Reporting Period: nil).

Final dividends relating to the year ended 31 March 2023 amounting to HK\$6,762,601 were paid in October 2023.

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company of HK\$5,663,003 (Previous Reporting Period: HK\$3,798,830) and on the weighted average 225,420,034 (Previous Reporting Period: 225,420,034) ordinary shares in issue during the both periods.

The diluted earnings per share for the Reporting Period and Previous Reporting Period were the same as basic earnings per share as there were no dilutive potential ordinary shares in existence for both periods.

## 11. 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.

	<b>30 September 2023 HK\$ (Unaudited)</b>	31 March 2023 HK\$ (Audited)
Trade receivables from broking and securities margin financing:		
– Clearing house and cash clients	7,313,985	17,772,399
– Secured margin clients	62,368,191	59,175,973
Less: ECL allowance	<u>(4,691,230)</u>	<u>(4,676,230)</u>
	<u>64,990,946</u>	<u>72,272,142</u>
Trade receivables from sales of goods and leasing	16,421,419	22,222,337
Less: ECL allowance	<u>(703,584)</u>	<u>(703,584)</u>
	<u>15,717,835</u>	<u>21,518,753</u>
Other receivables	3,480,965	3,329,438
Less: ECL allowance	<u>(792,351)</u>	<u>(533,236)</u>
	<u>2,688,614</u>	<u>2,796,202</u>
	<u><b>83,397,395</b></u>	<u><b>96,587,097</b></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 30 September 2023, trade receivables from cash clients and secured margin clients of HK\$13,812,247 (31 March 2023: HK\$14,051,314) were due from 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:

	<b>30 September 2023 HK\$ (Unaudited)</b>	31 March 2023 HK\$ (Audited)
0–30 days	<b>14,080,753</b>	17,743,002
31–60 days	<b>559,430</b>	1,108,187
Over 60 days	<b>1,077,652</b>	2,667,564
	<b><u>15,717,835</u></b>	<b><u>21,518,753</u></b>

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 9.38% for the Reporting Period (31 March 2023: 8.50%). 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 30 September 2023, the total market value of securities pledged as collateral by the customers in respect of the loans to margin clients was HK\$216,770,891 (31 March 2023: HK\$224,802,360).

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.

## 12. TRADE AND OTHER PAYABLES

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

	<b>30 September 2023 HK\$ (Unaudited)</b>	31 March 2023 HK\$ (Audited)
Trade payables to:		
– Clearing house and cash clients	<b>61,695,827</b>	75,317,698
– Secured margin clients	<b>7,398,809</b>	10,220,147
– Other creditors	<b>5,100,688</b>	8,575,215
	<hr/>	<hr/>
Total trade payables	<b>74,195,324</b>	94,113,060
	<hr/>	<hr/>
Other payables	<b>29,054,770</b>	23,295,873
	<hr/>	<hr/>
	<b>103,250,094</b>	117,408,933
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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:

	<b>30 September</b>	31 March
	<b>2023</b>	2023
	<b>HK\$</b>	<b>HK\$</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
0–30 days	<b>4,652,928</b>	8,142,160
31–60 days	<b>3,970</b>	3,038
Over 60 days	<b>443,790</b>	430,017
	<hr/>	<hr/>
	<b><u>5,100,688</u></b>	<b><u>8,575,215</u></b>

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.

### 13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation of the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial and Business Review

During the Reporting Period, the Group recorded revenue of HK\$99.2 million, representing a decrease of HK\$39.2 million, or 28.3% as compared with HK\$138.4 million in the Previous Reporting Period. The Group recorded profit for the period attributable to owners of the Company of HK\$5.7 million, representing an increase of HK\$1.9 million, or 49.1% as compared to HK\$3.8 million in the Previous Reporting Period.

### *Property Investment, Development and Leasing/Hotel*

During the Reporting Period, this segment recorded revenue of HK\$6.9 million, an increase of HK\$0.8 million, or 12.8% as compared with HK\$6.1 million in the Previous Reporting Period. Profit from operations was HK\$8.5 million during the Reporting Period, an increase of HK\$8.0 million as compared with HK\$0.5 million in the Previous Reporting Period. Excluding the change in fair value of investment properties, loss from operations was HK\$1.8 million, representing a decrease in loss of HK\$1.9 million, or 50.0% as compared with loss of HK\$3.7 million in the Previous Reporting Period. Gain arising from change in fair value of investment properties of HK\$10.3 million is mainly due to increase in fair value of properties located in Tsim Sha Tsui. Although hampered by the global economy slow down, Tsim Sha Tsui's rental market remains resilient, supported by growth potential from its previous low base during Covid-19.

#### *(i) Property Investment, Development and Leasing*

During the Reporting Period, most of the Group's investment properties were leased out to generate steady rental income for the Group. The total rental income and rental related income amounted to HK\$6.9 million, representing an increase of HK\$1.3 million, or 22.5% as compared with HK\$5.6 million in the Previous Reporting Period. It was mainly attributable to the increase in rental income from additional 5 floors at Everglory Centre for the conversion of co-working space already completed.

#### *(ii) Hotel*

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 Reporting Period and the Previous Reporting Period.

### ***Manufacturing and Distribution of Plastic Packaging Materials***

During the Reporting Period, the segment recorded revenue of HK\$85.6 million, a decrease of HK\$38.1 million, or 30.8% from HK\$123.7 million in the Previous Reporting Period due to fierce market competition. The segment profit was HK\$10.7 million, a decrease of HK\$3.2 million, or 23.3% from HK\$13.9 million in the Previous Reporting Period.

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 and Australia 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 December 31, 2022. Both are just some of the many examples taken to curb plastic pollution.

### ***Broking and Securities Margin financing***

During the Reporting Period, it was still a challenging period for the global financial industry. The momentum of Hong Kong stock market was dragged down by the debt-ridden Chinese property industry's troubles and the downward pressure on economic growth, which a number of economic indexes falling short of expectations. Moreover, the US Federal Reserve signaling that it may further raise interest rates for a longer-than-expected period.

This has resulted in risk-off investors affecting brokerage industry whose business is highly correlated with market sentiment and fluctuation. The average daily turnover of the Hong Kong stock market shrank to below HK\$100 billion. Hang Seng Index retreated by nearly 3,500 points throughout the reporting period and reached to its lowest points of 17,352 at the end of September 2023.

Our business was running at hard times as our main revenue is mainly generated from trading commission and interest income from margin financing. During the Reporting Period, the segment result was in a loss from operation of HK\$4.0 million (Previous Reporting Period: HK\$2.4 million). Due to the shrinkage of total market turnover, our brokage commission amounted to HK\$2.3 million, representing a decrease of 22.0% or HK\$0.7 million as compared with HK\$3.0 million in the Previous Reporting Period. And the interest income from margin client recorded a drop of 19.9% or HK\$0.8 million to HK\$3.1 million as compared with HK\$3.9 million in the Previous Reporting Period.

## **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 30 September 2023, cash and cash equivalents was HK\$50.7 million (31 March 2023: HK\$98.2 million). As at 30 September 2023, the current ratio of the Group was 1.7 (31 March 2023: 1.0).

The Group's bank loans decreased by HK\$39.4 million from HK\$280.7 million as at 31 March 2023 to HK\$241.3 million as at 30 September 2023, in which the short-term loans amounted to HK\$50.7 million (31 March 2023: HK\$224.7 million) and long term borrowings amounted to HK\$190.7 million (31 March 2023: HK\$56.0 million). The Group's current period net debt to equity ratio was 17.9% (31 March 2023: 16.9%), calculated on the basis of the Group's total debt less restricted cash and cash and cash equivalents divided by total equity attributable to owners of the Company, such increase was mainly due to the increase in net debt during the Reporting Period.

## **Capital Structure**

As at 30 September 2023, the Group's total equity attributable to owners of the Company amounted to HK\$1,069.1 million (31 March 2023: HK\$1,070.5 million). The Group's consolidated net assets per share as at 30 September 2023 was HK\$4.8 (31 March 2023: HK\$4.8).

## **Foreign Exchange Exposure**

The transactions and monetary assets and liabilities of certain subsidiaries are denominated in RMB. Although the Group currently does not have a foreign currency hedging policy, it does and will continue to monitor the foreign exchange exposure closely and will consider hedging if there is significant foreign currency exposure.

## **Material Acquisitions and Disposals**

The Group had no material acquisitions or disposals of subsidiaries or associated companies during the Reporting Period.

## **Employees and Remuneration Policies**

The Group had 254 employees as at 30 September 2023 (31 March 2023: 270 employees). The remuneration policies are determined with reference to the market conditions and individual performance of staff.

## **Strategic and Prospects**

Looking ahead, as the unstable and the volatility of global environment is predicted to alleviate. We will cautiously review and adjust our business strategies from time to time.

### ***Property Investment, Development and Leasing/Hotel Construction Progress***

#### ***(i) Property Investment, Development and Leasing***

With Hong Kong property market impacted by uncertain economic outlook and high interest rates and the number of outbound passenger trips by residents has been surpassing the number of inbound tourist arrivals since the border reopening. Hong Kong's real estate market across both the leasing and investment sectors has been under constant pressure. Nevertheless, we are cautiously optimistic across both the leasing and investment sectors given strong Hong Kong macroprudential regulation and a resilient banking system.

Marketed under the brand name WorkCave Hong Kong, the Phase 3 Development Project in Everglory Centre involved 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. The conversion project was completed in June 2023, which will significantly increase the revenue generated by the building.

Gainful Sky Hong Kong Limited, a subsidiary of the Company 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*

Hotel Benito is carrying out a major alteration and addition works. The superstructure works started in October 2022. The building was topped off in October 2023 with the completion of the concreting work. Work has continued apace on both the exterior and interior of the building. It is expected that the occupation permit will be obtained in the second quarter of 2024.

***Manufacturing and Distribution of Plastic Packaging Materials***

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; Australia set 2025 National Packaging targets 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 streamline our operations and 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, the worldwide economic situation is still sluggish. The problem on China's real estate sector and the economic growth will continue to affect the Hong Kong investment market.

Hong Kong's Government has established independent committee suggesting measures to inspire the stock market liquidity which include cutting down stamp duty on stock transactions. Although it might not structurally stimulate market in long run, at least it will increase the competitiveness in worldwide investment market.

Recently, the impact of incremental policy easing actions announced by China, including demand-side easing measures in the housing market and cuts in interest rates and the reserve requirement ratio, which will likely feed through the real economy in the coming months. With the hope that China's economy is likely to recover steadily and will be further pick up in 2024. Our business is expected to have better performance when the external situation improves.

We remain on the outlook of cost effective strategies and prudent strategies especially on margin financing when market is uncertain.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

During the Reporting Period, 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 A.6.7, independent non-executive Directors and non-executive Directors, as equal board members, should attend general meetings of the Company. During the period, a non-executive director was unable to attend the annual general meeting of the Company held on 25 August 2023 as he 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 of the Company, which comprises four independent non-executive directors of the Company, namely Mr. Chan Siu Ting (Chairman of the Audit Committee), Mr. James L. Kwok, Mr. Tsui Ka Wah and Dr. Luk Siu Chuen and two non-executive directors of the Company, namely Mr. Chan Man Hon, Eric and Mr. Tsai Han Yung. The interim results of the Group for the Reporting Period have been reviewed by the Audit Committee, prior to their approval by the Board.

## **INTERIM DIVIDEND**

The Board has resolved not to recommend the payment of any interim dividend for the Reporting Period (Previous Reporting Period: Nil).

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period under review.

## **PUBLICATIONS OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE**

This interim results announcement is available for viewing on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.seapnf.com.hk](http://www.seapnf.com.hk). The Company interim report for 2023/2024 will be despatched to the shareholders of the Company and available on the above website in due course.

By the order of the Board  
**Southeast Asia Properties & Finance Limited**  
**Chua Nai Tuen**  
*Chairman and Managing Director*

Hong Kong, 23 November 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.*