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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 2024**

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 2024 as below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2024 (in HK Dollars)

	<i>Notes</i>	2024 <i>HK\$</i>	2023 <i>HK\$</i> (Restated)
Revenue	5	192,687,470	238,533,661
Cost of sales		<u>(128,249,430)</u>	<u>(169,059,951)</u>
Gross profit		64,438,040	69,473,710
Other revenue and other income		6,445,130	13,387,663
(Loss)/Gain arising from change in fair value of investment properties		(193,949,870)	1,925,436
Loss arising from financial assets at fair value through profit or loss (“FVTPL”)	8	(7,293,756)	(4,477,300)
Selling and distribution expenses		(3,447,675)	(8,116,069)
Administrative expenses		(49,998,861)	(56,756,233)
Provision for expected credit loss (“ECL”) allowance of trade and other receivables and loan receivables	8	(362,115)	(6,093,807)
Other operating expenses		(157,607)	(143,615)
Finance costs	6	(18,078,407)	(9,752,381)
(Loss)/Gain on deemed disposal of interest in an associate	14	(26,282,302)	30,991,916
Share of results of associates	14	288,910,725	(9,199,220)
Reversal of impairment loss recognised in respect of amount due from an associate	14	<u>–</u>	<u>10,734,295</u>
Profit before income tax		60,223,302	31,974,395
Income tax expense	7	(4,351,477)	(2,946,454)
Profit for the year	8	<u>55,871,825</u>	<u>29,027,941</u>
Profit for the year attributable to:			
Owners of the Company		56,389,855	27,776,200
Non-controlling interests		(518,030)	1,251,741
		<u>55,871,825</u>	<u>29,027,941</u>
Earnings per share attributable to owners of the Company			
Basic and diluted (HK cents)	10	<u>25.0</u>	<u>12.3</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024 (in HK Dollars)

	<i>Note</i>	2024 HK\$	2023 HK\$ (Restated)
Profit for the year	8	55,871,825	29,027,941
Other comprehensive income/(expense):			
<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)		26,011,980	(7,390,491)
Remeasurement of long service payment obligations		673,729	81,905
		26,685,709	(7,308,586)
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(5,986,792)	(9,186,600)
Share of other comprehensive expense of an associate		(4,076,595)	–
		(10,063,387)	(9,186,600)
Other comprehensive income/(expense) for the year		16,622,322	(16,495,186)
Total comprehensive income for the year		72,494,147	12,532,755
Total comprehensive income attributable to:			
Owners of the Company		73,261,335	11,993,968
Non-controlling interests		(767,188)	538,787
		72,494,147	12,532,755

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024 (in HK Dollars)

	<i>Notes</i>	2024 HK\$	2023 HK\$ (Restated)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		259,641,262	170,571,154
Right-of-use assets		11,801,815	14,169,103
Investment properties		674,706,515	839,931,540
Interests in associates	14	273,314,749	33,391,765
Intangible assets		3,501,501	3,501,501
Other assets		2,700,000	2,700,000
Financial assets at FVOCI (non-recycling)		90,985,137	65,219,287
Loan receivables	11	29,822,385	38,769,716
Prepayment for acquisition of property, plant and equipment		1,109,015	–
Deferred tax assets		441,828	1,307,731
		<u>1,348,024,207</u>	<u>1,169,561,797</u>
Current assets			
Inventories		38,892,960	45,774,572
Trade and other receivables	12	101,584,637	96,587,097
Deposits and prepayments		4,703,672	5,553,968
Tax recoverable		2,440,275	1,482,423
Amount due from an associate	14	17,365,705	–
Restricted cash		–	4,100,000
Financial assets at FVTPL		21,646,350	29,009,000
Trust accounts of shares dealing clients		58,818,134	78,733,321
Cash and cash equivalents		41,844,128	98,218,450
		<u>287,295,861</u>	<u>359,458,831</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2024 (in HK Dollars)

	<i>Notes</i>	2024 <i>HK\$</i>	2023 <i>HK\$</i> (Restated)
Current liabilities			
Trade and other payables	13	106,709,001	117,408,933
Contract liabilities		1,216,568	1,258,759
Bank loans		58,240,087	224,665,518
Lease liabilities		1,059,254	1,373,898
Tax payable		2,846,290	1,990,246
		<u>170,071,200</u>	<u>346,697,354</u>
Net current assets		<u>117,224,661</u>	<u>12,761,477</u>
Total assets less current liabilities		<u>1,465,248,868</u>	<u>1,182,323,274</u>
Non-current liabilities			
Bank loans		273,221,012	56,025,821
Lease liabilities		–	1,059,254
Amount due to an associate		30,405,128	29,474,443
Amount due to a non-controlling interest		3,395,000	3,320,000
Deferred tax liabilities		11,580,308	10,958,278
Long service payment obligations		931,494	1,501,098
		<u>319,532,942</u>	<u>102,338,894</u>
Net assets		<u><u>1,145,715,926</u></u>	<u><u>1,079,984,380</u></u>
EQUITY			
Share capital		245,062,941	245,062,941
Reserves		890,549,452	824,050,718
Equity attributable to owners of the Company		1,135,612,393	1,069,113,659
Non-controlling interests		10,103,533	10,870,721
Total equity		<u><u>1,145,715,926</u></u>	<u><u>1,079,984,380</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.

The consolidated financial statements for the year ended 31 March 2024 were approved for issue by the board of directors on 30 June 2024.

2. ADOPTION OF NEW AND AMENDED HKFRSs

2.1 Amended HKFRSs that are effective for annual period beginning on 1 April 2023

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 2023:

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
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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.

2.2 Issued but not yet effective HKFRSs

At the date of this announcement, certain amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of exchangeability ²

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. These amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

2.3 New HKICPA guidance on the accounting implication of the MPF-LSP offsetting mechanism

In June 2022, the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will take effect on 1 May 2025 (the "Transition Date"). The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP in respect of an employee's service from the Transition Date (the "Abolition"). In addition, the last month's salary immediately preceding the Transition Date is used to calculate the portion of the LSP in respect of the employment period before the Transition Date.

Prior to 1 April 2023, the Group applied practical expedient in paragraph 93(b) of HKAS 19 “Employee Benefits” (the “Practical Expedient”) to account for the offsetable MPF benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” (the “Guidance”) that provides guidance for the accounting for the offsetting mechanism and the impact arising from the abolition of the MPF-LSP offsetting mechanism.

By following the Guidance, the Group has changed its accounting policy in connection with its LSP obligations. As a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contribution after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, the Group ceased to apply the Practical Expedient and reattribute the deemed employee contributions to periods of service in the same manner as the gross LSP benefit by applying paragraph 93(a) of HKAS 19. This change in accounting policy upon the cessation in applying the Practical Expedient has resulted in a catch-up adjustment in profit or loss in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of year ended 31 March 2023, with the corresponding adjustment to the carrying amount of the LSP obligations as at 31 March 2023. This change in accounting policy did not have any impact on the opening balance of equity at 1 April 2022. It also did not have a material impact on the company-level statements of financial position as at 31 March 2023 and 2024. The Group has assessed the implications of this new Guidance on the above accounting policy and the Guidance has a material impact on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this annual financial statements.

This change in accounting policy has been applied retrospectively by restating the balances as at 31 March 2023. The following table summarises the impacts of the adoption of the Guidance on the comparatives presented in the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of financial position.

Consolidated statement of financial position as at 31 March 2023

	Carrying amount as at 31 March 2023 (before the adoption) HK\$	Impact of adoption of the Guidance HK\$	Restated carrying amount as at 31 March 2023 (after the adoption) HK\$
Long service payment obligations	–	1,501,098	1,501,098
Deferred tax asset	1,197,210	110,521	1,307,731
Non-controlling interests	10,900,152	(29,431)	10,870,721
Retained profits	<u>794,272,244</u>	<u>(1,361,146)</u>	<u>792,911,098</u>

Consolidated statement of profit or loss and other comprehensive income for year ended 31 March 2023

	Original amount (before the adoption) HK\$	Impact of adoption of the Guidance HK\$	Restated amount (after the adoption) HK\$
Cost of sales	169,036,681	23,270	169,059,951
Administrative expenses	55,196,500	1,559,733	56,756,233
Income tax expenses	3,056,975	(110,521)	2,946,454
Profit for the year	30,500,423	(1,472,482)	29,027,941
Remeasurement of long service payment obligations	–	81,905	81,905
Other comprehensive expense	<u>16,577,091</u>	<u>(81,905)</u>	<u>16,495,186</u>
Earnings per share			
Basic and diluted (HK cents)	<u>13.0</u>	<u>(0.7)</u>	<u>12.3</u>

The following table summarises the impacts of the adoption of the Guidance on the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of financial position for the year ended 31 March 2024, if the Group had not changed its accounting policy as noted above and had continued to apply the practical expedient in paragraph 93(b) of HKAS 19:

Consolidated statement of financial position as at 31 March 2024

	Carrying amount as at 31 March 2024 (before the adoption) <i>HK\$</i>	Impact of adoption of the Guidance <i>HK\$</i>	Restated carrying amount as at 31 March 2024 (after the adoption) <i>HK\$</i>
Long service payment obligations	–	931,494	931,494
Deferred tax asset	359,928	81,900	441,828
Non-controlling interests	10,121,425	(17,892)	10,103,533
Retained profits	844,027,594	(831,702)	843,195,892

Consolidated statement of profit or loss and other comprehensive income for year ended 31 March 2024

	Original amount (before the adoption) <i>HK\$</i>	Impact of adoption of the Guidance <i>HK\$</i>	Restated amount (after the adoption) <i>HK\$</i>
Cost of sales	128,239,013	10,417	128,249,430
Administrative expenses	49,946,789	52,072	49,998,861
Finance costs	18,036,771	41,636	18,078,407
Income tax expenses	4,322,856	28,621	4,351,477
Profit for the year	56,004,571	(132,746)	55,871,825
Remeasurement of long service payment obligations	–	673,729	673,729
Other comprehensive income	17,296,051	(673,729)	16,622,322
Earnings per share			
Basic and diluted (HK cents)	25.0	–	25.0

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	
	2024 HK\$	2023 HK\$	2024 HK\$	2023 HK\$	2024 HK\$	2023 HK\$	2024 HK\$	2023 HK\$
		(Restated)		(Restated)		(Restated)		(Restated)
Segment revenue								
– from external customers	<u>14,032,966</u>	<u>11,314,631</u>	<u>166,579,877</u>	<u>213,271,191</u>	<u>12,074,627</u>	<u>13,947,839</u>	<u>192,687,470</u>	<u>238,533,661</u>
Segment results	(5,977,200)	(2,590,052)	21,777,380	20,442,630	(6,177,024)	(10,578,229)	9,623,156	7,274,349
(Loss)/Gain arising from change in fair value of investment properties	<u>(193,949,870)</u>	<u>1,925,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(193,949,870)</u>	<u>1,925,436</u>
	<u>(199,927,070)</u>	<u>(664,616)</u>	<u>21,777,380</u>	<u>20,442,630</u>	<u>(6,177,024)</u>	<u>(10,578,229)</u>	<u>(184,326,714)</u>	<u>9,199,785</u>
(Loss)/Gain on deemed disposal of interest in an associate							(26,282,302)	30,991,916
Unallocate finance cost							(18,078,407)	(9,752,381)
Share of results of associates							288,910,725	(9,199,220)
Reversal of impairment loss recognised in respect of amount due from an associate							-	10,734,295
Profit before income tax							60,223,302	31,974,395
Income tax expense							<u>(4,351,477)</u>	<u>(2,946,454)</u>
Profit for the year							<u>55,871,825</u>	<u>29,027,941</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		Non-current assets	
	external customers			
	2024	2023	2024	2023
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Hong Kong (domicile)	50,615,963	57,403,498	876,294,618	958,944,707
Japan	45,194,594	50,196,717	–	–
Oceania	41,598,116	41,161,437	–	–
PRC	27,649,143	59,450,747	89,600,453	84,278,136
North America	16,038,262	16,507,997	–	–
Europe	11,591,392	13,813,265	–	–
Philippines	–	–	258,179,786	–
	<u>192,687,470</u>	<u>238,533,661</u>	<u>1,224,074,857</u>	<u>1,043,222,843</u>

5. REVENUE

The Group's principal activities are disclosed in note 1 to the consolidated financial statements.

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

	2024	2023
	<i>HK\$</i>	<i>HK\$</i>
Revenue from contracts with customers		
Sales of goods	166,579,877	213,271,191
Brokerage commission	4,084,870	5,266,612
	170,664,747	218,537,803
Revenue from other sources		
Rental and related income	14,032,966	11,314,631
Interest income received from clients	6,615,163	6,848,633
Dividend income from listed equity securities	1,374,594	1,832,594
	22,022,723	19,995,858
Total revenue	192,687,470	238,533,661

6. FINANCE COSTS

	2024	2023
	<i>HK\$</i>	<i>HK\$</i>
Interest expenses on:		
Bank loans	15,230,316	9,315,155
Other borrowings	224,050	83,921
Imputed interest expenses from amount due to an associate	1,959,685	–
Finance charges on lease liabilities	57,102	23,960
Finance charges on loan receivables	2,091,150	–
Bank charges	736,344	329,345
Net interest expense on LSP obligations	41,636	–
Total borrowing costs	20,340,283	9,752,381
Less: Amounts capitalised in the cost of qualifying assets (<i>note</i>)	(2,261,876)	–
	18,078,407	9,752,381

Note: The amounts represent the borrowing cost related to specific borrowings.

7. INCOME TAX EXPENSE

	2024 <i>HK\$</i>	2023 <i>HK\$</i> (Restated)
Hong Kong Profits Tax		
– Current tax	2,358,817	2,721,084
– Over provision in prior years	(6,006)	(65,819)
– Tax concession	(9,000)	(24,000)
	<u>2,343,811</u>	<u>2,631,265</u>
PRC Enterprise Income Tax (“EIT”)		
– Current tax	742,358	696,355
– (Over)/Under provision in prior years	(222,625)	373,668
	<u>519,733</u>	<u>1,070,023</u>
Deferred tax expense/(credit)	<u>1,487,933</u>	<u>(754,834)</u>
Total income tax expense	<u>4,351,477</u>	<u>2,946,454</u>

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 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 2023.

The provision for Hong Kong Profits Tax for the year ended 31 March 2024 takes into account a reduction granted by the Government of 100% of the tax payable for the year of assessment 2023/24 subject to a maximum reduction of HK\$3,000 for each business (2023: a maximum reduction of HK\$6,000 was granted for the year of assessment 2022/23 and was taken into account in calculating the provision for the year ended 31 March 2023).

Under the Law of the PRC on EIT (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 (crediting)/charging:

	2024	2023
	<i>HK\$</i>	<i>HK\$</i>
Cost of inventories sold	102,415,839	139,756,081
Direct operating expenses for generating rental income	2,135,743	2,390,599
Auditor's remuneration:		
– Audit services	1,030,000	805,859
Depreciation:		
– Property, plant and equipment	8,413,335	8,908,935
– Right-of-use assets	1,852,506	1,895,241
	10,265,841	10,804,176
Loss arising from change in fair value of financial assets at FVTPL	7,293,756	4,477,300
Reversal of impairment loss recognised in respect of amount due from an associate	–	(10,734,295)
Provision for ECL allowance of trade and other receivables and loan receivables	362,115	6,093,807
Bad debt written off	1,255,888	2,256,268
Bad debt recovery	(44,000)	(48,000)
Gain on disposal of property, plant and equipment	–	(92,078)
Loss/(Gain) on deemed disposal of interest in an associate	26,282,302	(30,991,916)
Exchange (gain)/loss, net	(207,227)	57,796

9. DIVIDENDS

(a) Dividends attributable to the year:

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Proposed final dividend of HK\$3 cents (2023: HK\$ 3 cents per ordinary share)	<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 2024.

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

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Final dividends in respect of the previous year, of HK3 cents per ordinary share (2023: 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\$56,389,855 (2023 (restated): HK\$27,776,200) and on the weighted average number of 225,420,034 (2023: 225,420,034) ordinary shares in issue during the year.

The diluted earnings per share for the years ended 31 March 2024 and 2023 were the same as basic earnings per share as there were no dilutive potential ordinary shares in existence for both years.

11. LOAN RECEIVABLES

	2024	2023
	<i>HK\$</i>	<i>HK\$</i>
Loans to a private company (<i>note (a)</i>)	29,822,385	31,568,232
Loans to an independent borrower (<i>note (b) & (d)</i>)	–	5,107,516
Loans to a staff (<i>note (c) & (d)</i>)	–	4,551,560
Less: ECL allowance	–	(2,457,592)
	<u>29,822,385</u>	<u>38,769,716</u>

Notes:

- (a) The balance represents shareholder loans with principal amount of RMB29,400,000 (equivalent to HK\$31,884,000) (2023: RMB29,400,000 (equivalent to HK\$33,462,000)) 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 (“Party A”) 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 (“Party B”) 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.
- (d) During the year ended 31 March 2024, the Group entered into sale and purchase agreements with Party A and Party B, pursuant to which the Group has agreed to acquire, and Party A and Party B agreed to sell, residential properties situated in Hong Kong for considerations of HK\$4,180,000 and HK\$3,230,000, respectively. The considerations were arrived at arm’s length negotiations between the Group and Party A and Party B, respectively, after taking into account the recent market transactions for similar properties. The considerations paid were settled by the outstanding loan receivables with Party A and Party B, respectively. In the opinion of the management, the repayment of the remaining outstanding loan receivables and accrued interest with Party A and Party B were remote. Therefore, the aggregate carrying amounts of the above remaining outstanding loan receivables and accrued interest receivables with Party A and Party B amounted to HK\$766,048 (net of ECL allowance of HK\$1,236,877) and HK\$489,840 (net of ECL allowance of HK\$1,753,951), respectively, were full and recognised in “Administrative expenses – Bad debt written off” in consolidated statement of profit or loss during the year ended 31 March 2024.

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.

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Trade receivables from broking and securities margin financing:		
– Clearing house and cash clients	10,535,639	17,772,399
– Secured margin clients	71,186,789	59,175,973
Less: ECL allowance	(4,966,475)	(4,676,230)
	76,755,953	72,272,142
Trade receivables from sales of goods and leasing	21,187,491	22,222,337
Less: ECL allowance	(314,989)	(703,584)
	20,872,502	21,518,753
Other receivables	4,555,897	3,329,438
Less: ECL allowance	(599,715)	(533,236)
	3,956,182	2,796,202
	<u>101,584,637</u>	<u>96,587,097</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 2024, trade receivables from cash clients and secured margin clients of HK\$8,569,305 (2023: HK\$14,051,314) 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 (2023: 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:

	2024	2023
	<i>HK\$</i>	<i>HK\$</i>
0–30 days	13,311,225	17,743,002
31–60 days	2,922,709	1,108,187
61–90 days	1,960,729	1,602,337
91–120 days	1,224,511	4,165
121–365 days	1,425,400	969,287
Over 365 days	27,928	91,775
	<u>20,872,502</u>	<u>21,518,753</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 9.3% (2023: 8.5%) per annum for the year ended 31 March 2024. 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 2024, the total market value of securities pledged as collateral by the customers in respect of the loans to margin clients was HK\$199,529,979 (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.

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.

	2024	2023
	<i>HK\$</i>	<i>HK\$</i>
Trade payables to:		
– Clearing house and cash clients	56,691,458	75,317,698
– Secured margin clients	6,990,478	10,220,147
– Other creditors	6,153,647	8,575,215
	<u>69,835,583</u>	<u>94,113,060</u>
Accrued salaries	6,767,085	7,268,936
Accrued employee benefits	2,029,791	3,673,039
Accrued development expenditure of properties	10,903,799	1,894,320
Other accrued expenses	13,274,787	6,857,344
Rental deposits received	3,048,436	2,803,455
Advanced payment received from tenants	849,520	798,779
	<u>36,873,418</u>	<u>23,295,873</u>
	<u>106,709,001</u>	<u>117,408,933</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 (2023: 30 days). The following is an aging analysis of trade payables to other creditors based on invoice dates:

	2024	2023
	<i>HK\$</i>	<i>HK\$</i>
0–30 days	5,355,926	8,142,160
31–60 days	303,876	3,038
61–90 days	243,310	–
91–120 days	8,770	–
121–365 days	–	216,519
Over 365 days	241,765	213,498
	<u>6,153,647</u>	<u>8,575,215</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

	2024	2023
	<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>)	33,812,303	34,788,818
Share of post-acquisition profits and other comprehensive income, net of dividends received	266,650,437	8,385,233
Less: impairment loss recognised on amounts due from associates (<i>note (b)</i>)	(16,446,598)	(16,446,598)
	290,680,454	33,391,765
Less: Amounts show under current account	(17,365,705)	–
	<u>273,314,749</u>	<u>33,391,765</u>

Notes:

- (a) The balances are unsecured, interest-free and have no fixed repayment terms.
- (b) At 31 March 2024, 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\$Nil (2023: HK\$10,734,295) 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 2024 and 2023.

Name of associates	Country/Place of incorporation/ operation	Issued and fully paid share capital	Proportion of ownership interest held by the Group		Principal activities
			2024 %	2023 %	
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 <i>(note 2)</i>	Philippines	Peso\$140,000,000 (2023: Peso\$118,000,000)	28.00	33.22	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 2024, the Group’s equity interest in Titan Dragon was diluted from 33.22% to 28.00% (2023: 49.00% to 33.22%) by capital injection from an independent third party amounting to Peso\$500,000,000 (equivalent to approximately HK\$65,991,781). Therefore, the investment in Titan Dragon was deemed disposed, resulted in a loss on deemed disposal of interest in an associate of HK\$26,282,302 (2023: 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

	2024	2023
	<i>HK\$</i>	<i>HK\$</i>
Current assets	204,817	152,423
Non-current assets	45,539,041	46,237,330
Current liabilities	(4,287,248)	(4,636,602)
Non-current liabilities	(6,234,000)	(7,188,137)
Net assets	<u>35,222,610</u>	<u>34,565,014</u>
Revenue	2,434,213	7,014,785
Total expenses	(1,776,617)	(1,752,735)
Profit and total comprehensive income for the year	<u>657,596</u>	<u>5,262,050</u>

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

	2024	2023
	<i>HK\$</i>	<i>HK\$</i>
Net assets of Ongoing Investments	35,222,610	34,565,014
Proportion of the Group's ownership interest in Ongoing Investments	20%	20%
Amount due from Ongoing Investments	7,044,522	6,913,003
	–	156,027
Carrying amount of the Group's interest in Ongoing Investments	<u>7,044,522</u>	<u>7,069,030</u>

For the year ended 31 March 2024, Ongoing Investments did not declare any dividend (2023: HK\$Nil).

(ii) Sequin Developments

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Current assets	3,346,156	3,686,980
Non-current assets	44,366,009	45,046,310
Current liabilities	(1,179,961)	(943,066)
Non-current liabilities	<u>(6,079,999)</u>	<u>(7,107,513)</u>
Net assets	<u><u>40,452,205</u></u>	<u><u>40,682,711</u></u>
Revenue	3,035,189	7,856,087
Total expenses	<u>(1,832,570)</u>	<u>(1,770,287)</u>
Profit and total comprehensive income for the year	<u><u>1,202,619</u></u>	<u><u>6,085,800</u></u>
Dividends received from Sequin Developments	<u><u>286,624</u></u>	<u><u>477,516</u></u>

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

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Net assets of Sequin Developments	40,452,205	40,682,711
Proportion of the Group's ownership interest in Sequin Developments	<u>20%</u>	<u>20%</u>
Amount due from Sequin Developments	<u>8,090,441</u> –	<u>8,136,542</u> 171,303
Carrying amount of the Group's interest in Sequin Developments	<u><u>8,090,441</u></u>	<u><u>8,307,845</u></u>

(iii) Titan Dragon

	2024	2023
	HK\$	HK\$
Current assets	59,430,736	30,343,899
Non-current assets	1,165,335,130	62,025,980
Current liabilities	(9,394,272)	(9,130,376)
Non-current liabilities	(293,300,932)	(92,163,867)
Net assets/(liabilities)	<u>922,070,662</u>	<u>(8,924,364)</u>
Revenue	–	–
Gain arising from change in fair value of investment properties	1,092,203,783	–
Total expenses	(214,929,030)	(36,233,605)
Profit/(Loss) for the year	877,274,753	(36,233,605)
Other comprehensive expense	(12,271,508)	–
Total comprehensive income/(expense) for the year	<u>865,003,245</u>	<u>(36,233,605)</u>

Note: The Group shared 33.22% of gain for period from April 2023 to January 2024 of HK\$291,893,208 and 28.00% of loss of HK\$389,855 for period from February 2024 to March 2024, respectively (2023: The Group shared 49%, 40.83% and 33.22% of loss of HK\$2,938,587, HK\$7,781,394 and HK\$3,713,484 for period from April to August 2022, September 2022 to February 2023 and March 2023, respectively).

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

	2024	2023
	HK\$	HK\$
Net assets/(liabilities) of Titan Dragon	922,070,662	(8,924,364)
Proportion of the Group's ownership interest in Titan Dragon	<u>28.00%</u>	<u>33.22%</u>
	258,179,786	–
Amount due from Titan Dragon, net of provision	<u>17,365,705</u>	<u>18,014,890</u>
Carrying amount of the Group's interest in Titan Dragon	<u>275,545,491</u>	<u>18,014,890</u>

Unrecognised losses for the year ended 31 March 2023 was HK\$2,964,671 for Titan Dragon. The accumulated losses not recognised were HK\$2,964,671 as at 31 March 2023.

As Titan Dragon reported profits, during the year ended 31 March 2024, the Group resumed recognising its share of those profit after its share of the previously unrecognised losses of HK\$2,964,671 in Titan Dragon.

For the year ended 31 March 2024, Titan Dragon did not declare any dividend (2023: HK\$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. The Supreme Court's decision was final and conclusive upon entry of the decision in the book of entries of judgments.

The RTC made its decision and its Resolution on 23 June 2023 to grant Titan Dragon's Motion for Reversal and direct Galenzoga to immediately vacate the Subject Property. It also directed the cancellation of the previous transfer certificate of titles (the "TCTs") of Galenzoga over the Subject Property and the reinstatement of the derivative TCTs. On 11 July 2023, Galenzoga filed a motion for reconsideration of the Resolution dated 23 June 2023 but the same was denied. On 8 August 2023, the Registry of Deeds of Quezon City of the Philippines duly cancelled the TCTs of Galenzoga and reinstated the derivative TCTs of Titan Dragon over the Subject Property. On 25 October 2023, Titan Dragon successfully recovered the possession of the Subject Property. In January 2024, Galenzoga filed Motion for Reconsideration while the RTC issued a resolution to deny it. Subsequently, Galenzoga files the Notice of Appeal.

Meanwhile, Galenzoga filed a Petition for Certiorari assailing the Resolution dated 23 June 2023, which was denied by the Court of Appeals. Thus, Galenzoga filed a Motion for Reconsideration on the denial of the Petition, as well as a Motion to Inhibit, which are still pending resolution with the Court of Appeals.

In the view of the directors and the advices of the Philippine lawyers of Titan Dragon, the derivative TCTs of Titan Dragon over the Subject Property have been reinstated, and its possession thereof restored through the implementation of the Writ of Execution. Therefore, Titan Dragon has revaluated the Subject Property by an independent professional qualified valuer at Peso\$7,880,768,000 (equivalent to approximately HK\$1,096,214,829) which is ascertained by reference to asking comparables as listed in the local market as land transaction market in Philippine is not transparent, no public transaction records are available.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

For the year ended 31 March 2024, the Group recorded revenue of HK\$192.7 million, representing a decrease of HK\$45.8 million, or 19.2% as compared with HK\$238.5 million for the year ended 31 March 2023. The Group recorded profit for the year attributable to owners of the Company of HK\$56.4 million, representing an increase of HK\$28.6 million, or 103.0% as compared to a profit of HK\$27.8 million in the last financial year. The increase in profit were mainly attributable to net gain recognized in respect of associates in current financial year of HK\$262.6 million, which is mainly due to gain arising from change in fair value of the land of the Group's associate, Titan Dragon after reinstated the title and recovered the possession of the Subject Property, net-off by loss arising from change in fair value of investment properties held by the Group of HK\$193.9 million in current financial year.

Property Investment, Development and Leasing/Hotel Operation

This segment comprises property investment, development and leasing in Hong Kong and the PRC and also operating a hotel in Hong Kong. For the year ended 31 March 2024, this segment recorded revenue of HK\$14.0 million, representing an increase of HK\$2.7 million or 24.0% as compared with HK\$11.3 million for the year ended 31 March 2023. Loss from operations was HK\$6.0 million, representing an increase in loss of HK\$3.4 million, or 130.8% as compared with loss from operation of HK\$2.6 million for the year ended 31 March 2023. The increase in loss was mainly attributable to the decrease in imputed interest income from loan to a private company 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 2024, the total rental income and rental related income amounted to HK\$14.0 million, representing an increase of HK\$2.7 million, or 24.0% as compared with HK\$11.3 million for the year ended 31 March 2023. 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 Operation

Our hotel operation was suspended since 1 June 2020 for alteration and addition works. No revenue was generated from hotel accommodation for the years ended 31 March 2024 and 2023.

Manufacturing and Distribution of Plastic Packaging Materials

For the year ended 31 March 2024, this segment recorded a revenue of HK\$166.6 million, a decrease of HK\$46.7 million, or 21.9% as compared with HK\$213.3 million in the preceding year. However, the segment profit was HK\$21.8 million, an increase of HK\$1.4 million, or 6.5% from the preceding year of HK\$20.4 million as we streamlined our operations for cost reductions and increase productivity.

During the year, both polyethylene prices and ocean freight rates have been relatively stable. However, global economy remained slow due to high interest rates and sluggish demand as consumers saved more in the face of greater uncertainty about the outlook. 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 demand.

Broking and Securities Margin Financing

During the financial year of 2023–2024, global inflation and economic downturn were intertwined, while US interest rate is still at a high level and a slower-than-expected economic recovery on the PRC have clouded prospect of an economic rebound for Hong Kong.

Due to lack of investor's confidence continues to affect the performance of the PRC and Hong Kong stock markets, the benchmark Hang Seng Index logged its lowest point of 14,794 while the Shanghai Component Index by sinking below 2,640 in January 2024. The risk appetite of investors has declined sharply and triggered a revaluation of stocks. Upon taking substantial measures to stabilize the market by the China government, both the PRC and Hong Kong stock markets have the signs of rebound in February 2024. Although Hong Kong Government has announced to cut down of stamp duty on stock transactions from 0.13% to 0.1% in November 2023, it is unhelpful to boost the volume of turnover. Our business performance was still constrained by the low turnover of the overall market. The average market turnover was running about HK\$100 billion daily for Hong Kong stock market.

For the year ended 31 March 2024, the section was in a loss but with better performance as compared with last financial year, loss from operation recorded HK\$6.2 million (2023: HK\$10.6 million), representing a decrease in loss of HK\$4.4 million, or 41.6%. Brokerage commission was HK\$4.1 million, a decrease of 22.4% as compared with HK\$5.3 million in the last financial year. Meanwhile, interest income from our margin clients had a drop of 3.4% to HK\$6.6 million as compared with HK\$6.8 million in the last financial year.

Strategic and Prospects

Looking ahead, as the uncertainties surrounding geopolitical tensions are predicted to persist. 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 third phase of the WorkCave Hong Kong serviced office development project was completed in April 2023, expanding our total floor count to 15 levels. As the Hong Kong economy began to recover in the first and second quarters of 2024, the demand for serviced offices and co-working spaces has likewise returned to normal levels. We are optimistic that our business will see significant growth in the coming year. The first and second phase office spaces have been in operation for over five years now. We have consistently worked to optimize our hardware and software offerings, and our goal is to ensure that the quality of our office facilities and services continues to evolve in step with the changing market needs.

Gainful Sky Hong Kong Limited, a subsidiary of the Company has submitted an application and proposal 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. The application was supported and endorsed in principle in December 2023 afterwards. 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. We are now finalising the technical issues raised by the government for taking forward the required statutory and land administration procedures soonest.

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 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 third 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 South Australia are bringing in legislation to ban non-compostable plastic produce/barrier bags for unpackaged meat, dairy and fish from 1 September 2025.

The future is about reindustrialization, circular economy, green business models and digital economy. We will strengthen the level of automation and digital transformation; establish a sound recycling system and improve resource recycling rate; strengthen green consumption education and adhere to the Recycled Claim Standard (RCS) guidance for green products and services; and support the development of green industries such as renewable energy and energy-saving technologies.

Broking and Securities Margin Financing

The outlook of the coming year, driven by the US Federal Reserve expected to carry out the cycle of interest rate cut as early as September this year, we could see further support for the appreciation of Hong Kong share prices as the current valuations across sectors remain very low and severely under-estimated at the moment.

Besides, the optimism is also fueled by the China's GDP growth target of 5 percent for the country this year. The improvement in China's macroeconomic conditions and policy support for the financial market will reinforce the recent signs of recovery.

Our business in securities and commodities will be more active when the global market enters into the cycle of lowering interest rate and expect that resources will be relocated back to the investment market. Meanwhile, our securities margin financing business was sluggish for the period as our clients were less incline to hold stock when the market is uncertain. We hope we might perform better when the macro-economic environment becomes stable.

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 2024, the Group's net current assets was HK\$117.2 million (2023: HK\$12.8 million). It was mainly due to the Group secured a new committed loan from a bank for the amount of HK\$130.0 million to be repayable 30 months from the first drawdown date of the facility or 6 months after issuance of the hotel license, whichever is earlier.

As at 31 March 2024, cash and cash equivalents were HK\$41.8 million (2023: HK\$98.2 million) and trade and other receivables were HK\$101.6 million (2023: HK\$96.6 million). Trade and other payables were HK\$106.7 million (2023: HK\$117.4 million).

As at 31 March 2024, the Group's bank loans were HK\$331.5 million (2023: HK\$280.7 million), in which the short term borrowings amounted to HK\$58.3 million (2023: HK\$224.7 million) and long term borrowings amounted to HK\$273.2 million (2023: HK\$56.0 million). The Group's current year net debt to equity ratio was 25.6% (2023: 16.9%), 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 compared to last year due to increase in net debt during the year.

Capital Structure

As at 31 March 2024, the total equity attributable to owners of the Company amounted to HK\$1,135.6 million (2023: HK\$1,069.1 million). The Group's consolidated net assets per share was HK\$5.1 (2023: 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 2024, 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 33.22% as at 31 March 2023 to 28% as at 31 March 2024. These transactions have resulted in the deemed partial disposal of the Group's investment in Titan Dragon, and resulted in a deemed disposal loss of HK\$26.3 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.

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 years ended 31 March 2024 and 2023.

Employees and Remuneration Policies

The Group had 244 employees as at 31 March 2024 (2023: 270 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 (2023: HK3 cents per ordinary share) in respect of the year ended 31 March 2024 to all Shareholders of the Company whose name appear on the register of members of the Company on 30 August 2024. Subject to the approval of shareholders at the forthcoming annual general meeting (the "AGM"), the payment of the final dividend will be made on 4 October 2024.

ANNUAL GENERAL MEETING

The AGM will be convened to be held on Friday, 23 August 2024. 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 2023/24 Annual Report, in due course.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Tuesday, 20 August 2024 to Friday, 23 August 2024, 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, 19 August 2024.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed from Thursday, 29 August 2024 to Friday, 30 August 2024, 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, 28 August 2024.

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 C.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 C.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 2024, 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 C.1.6, 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 25 August 2023 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 C3 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 2024 have been reviewed by the Audit Committee, prior to their approval by the Board.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2024 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 and consequently no opinion or assurance conclusion has been expressed by Grant Thornton Hong Kong Limited on the preliminary announcement.

DATE OF BOARD MEETING

Reference is made to the announcements of the Company dated 14 June 2024 and 26 June 2024. The meeting of the board of the directors of the Company to approve the annual results of the Company contained in this announcement was not held on 28 June 2024 as scheduled but was held on 30 June 2024.

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 2023/2024 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, 30 June 2024

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.