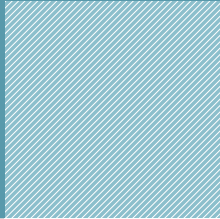
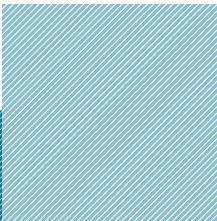




# SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Stock code : 252



INTERIM REPORT  
2020/21

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**CORPORATE INFORMATION**

**Board Of Directors**

**Executive Directors**

Mr. Chua Nai Tuen  
*(Chairman and Managing Director)*

Mr. Nelson Junior Chua

**Non-Executive Directors**

Mr. Chan Man Hon, Eric

Mr. Jimmy Siy Tiong

Mr. Tsai Han Yung

Ms. Vivian Chua

**Independent Non-Executive Directors**

Mr. Chan Siu Ting

Mr. James L. Kwok

Mr. Wong Shek Keung

Mr. Tsui Ka Wah

**Audit Committee**

Mr. Chan Siu Ting *(Chairman)*

Mr. Chan Man Hon, Eric

Mr. James L. Kwok

Mr. Tsai Han Yung

Mr. Wong Shek Keung

Mr. Tsui Ka Wah

**Remuneration Committee**

Mr. James L. Kwok *(Chairman)*

Mr. Chua Nai Tuen

Mr. Chan Man Hon, Eric

Mr. Chan Siu Ting

Mr. Wong Shek Keung

**Nomination Committee**

Mr. Tsui Ka Wah *(Chairman)*

Mr. Chua Nai Tuen

Mr. Chan Man Hon, Eric

Mr. Chan Siu Ting

Mr. James L. Kwok

**Principal Bankers**

China Construction Bank (Asia)  
Corporation Limited

DBS Bank (Hong Kong) Limited

Hang Seng Bank Limited

Industrial and Commercial

Bank of China (Asia) Limited

OCBC Wing Hang Bank Limited

**Solicitors**

Vincent T. K. Cheung, Yap & Co.

**Auditors**

Grant Thornton Hong Kong Limited

Certified Public Accountants

**Company Secretary**

Mr. Lam Wing Yiu

**Registered Office**

Units 407-410, 4th Floor, Tower 2,  
Silvercord, No. 30 Canton Road,  
Tsimshatsui, Kowloon, Hong Kong.

**Share Registrar**

General Secretarial Services Limited,  
26th Floor, KP Tower,  
93 King's Road, North Point,  
Hong Kong

**Stock Code**

252

**Website**

<http://www.seapnf.com.hk>

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 2020 (the "Reporting Period"), together with the comparative figures of the corresponding period in 2019 (the "Previous Reporting Period") as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 September 2020*

	Notes	Six months ended 30 September	
		2020 HK\$ (Unaudited)	2019 HK\$ (Unaudited)
<b>Revenue</b>	5	<b>126,964,535</b>	186,399,695
Cost of sales		<b>(81,761,420)</b>	(134,019,196)
<b>Gross profit</b>		<b>45,203,115</b>	52,380,499
Other revenue and other income	6	<b>4,424,912</b>	1,087,769
Loss arising from change in fair value of investment properties		<b>(33,470,689)</b>	(36,538,112)
Loss arising from change in fair value of financial assets at fair value through profit or loss ("FVTPL")		<b>(1,492,810)</b>	(917,282)
Selling and distribution expenses		<b>(2,873,404)</b>	(4,019,558)
Administrative expenses		<b>(24,736,856)</b>	(25,626,066)
Other operating expenses		<b>(426,905)</b>	(194,764)
Finance costs	7	<b>(4,192,772)</b>	(6,523,306)
Share of results of associates		<b>924,662</b>	(1,437,206)
Impairment loss recognised in respect of amount due from an associate		<b>(1,467,662)</b>	–

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS** *(Continued)*

For the six months ended 30 September 2020

		Six months ended 30 September	
		2020	2019
		HK\$	HK\$
		(Unaudited)	(Unaudited)
	Notes		
<b>Loss before tax</b>		<b>(18,108,409)</b>	(21,788,026)
Income tax expense	8	<b>(4,162,177)</b>	(3,371,129)
<b>Loss for the period</b>	9	<b>(22,270,586)</b>	(25,159,155)
<b>(Loss)/Profit for the period</b>			
<b>Attributable to:</b>			
Owners of the Company		<b>(22,164,354)</b>	(25,715,844)
Non-controlling interests		<b>(106,232)</b>	556,689
		<b>(22,270,586)</b>	(25,159,155)
<b>Loss per share</b>			
Basic and diluted <i>(HK cents)</i>	11	<b>(9.8)</b>	(11.4)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020 HK\$ (Unaudited)	2019 HK\$ (Unaudited)
<b>Loss for the period</b>	<b>(22,270,586)</b>	(25,159,155)
<b>Other comprehensive income/(expense)</b> <i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	<b>3,721,300</b>	(8,987,929)
<b>Other comprehensive income/(expense) for the period</b>	<b>3,721,300</b>	(8,987,929)
<b>Total comprehensive expense for the period</b>	<b>(18,549,286)</b>	(34,147,084)
<b>Total comprehensive (expense)/income for the period</b>		
<b>Attributable to:</b>		
Owners of the Company	<b>(18,686,947)</b>	(34,140,325)
Non-controlling interests	<b>137,661</b>	(6,759)
	<b>(18,549,286)</b>	(34,147,084)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 September 2020

		30 September 2020 HK\$ (Unaudited)	31 March 2020 HK\$ (Audited)
	Notes		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	158,515,751	160,494,596
Right-of-use assets		13,269,012	13,815,227
Investment properties	13	816,648,003	849,677,831
Interests in associates		20,261,699	18,521,547
Loan receivable	14	14,500,000	–
Intangible assets		3,702,706	3,702,706
Other assets		2,700,000	2,700,000
Deposits and prepayments		15,000,000	15,000,000
Deferred tax assets		2,728,675	2,484,084
		<b>1,047,325,846</b>	1,066,395,991
<b>Current assets</b>			
Stock of property	15	126,365,000	124,000,000
Inventories		44,940,971	42,939,701
Trade and other receivables	16	105,801,302	101,149,271
Deposits and prepayments		5,119,692	6,725,349
Prepaid tax		332,713	538,032
Restricted cash		4,100,000	4,100,000
Financial assets at FVTPL	17	20,725,000	6,066,000
Trust accounts of shares dealing clients		76,479,356	75,827,361
Cash and cash equivalents		112,425,413	103,372,537
		<b>496,289,447</b>	464,718,251
<b>Current liabilities</b>			
Trade and other payables	18	118,282,078	112,579,758
Contract liabilities		2,064,545	1,865,167
Bank loans	19	207,435,008	180,873,809
Amount due to an associate		2,047,456	1,018,497
Lease liabilities		335,585	998,220
Tax payables		5,682,886	4,030,861
		<b>335,847,558</b>	301,366,312

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)*

At 30 September 2020

		<b>30 September 2020 HK\$ (Unaudited)</b>	31 March 2020 HK\$ (Audited)
	<i>Notes</i>		
<b>Net current assets</b>		<b>160,441,889</b>	163,351,939
<b>Total assets less current liabilities</b>		<b>1,207,767,735</b>	1,229,747,930
<b>Non-current liabilities</b>			
Bank loans	19	<b>173,948,110</b>	178,220,657
Amount due to a non-controlling interest		<b>3,110,000</b>	3,110,000
Deferred tax liabilities		<b>11,986,104</b>	11,144,466
		<b>189,044,214</b>	192,475,123
<b>Net assets</b>		<b>1,018,723,521</b>	1,037,272,807
<b>EQUITY</b>			
Share capital	20	<b>245,062,941</b>	245,062,941
Reserves		<b>765,235,937</b>	783,922,884
Equity attributable to equity holders of the Company		<b>1,010,298,878</b>	1,028,985,825
Non-controlling interests		<b>8,424,643</b>	8,286,982
<b>Total equity</b>		<b>1,018,723,521</b>	1,037,272,807



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 September 2020

	ATTRIBUTABLE TO OWNERS OF THE COMPANY						
	PROPERTY				NON-CONTROLLING INTERESTS	TOTAL EQUITY	
	SHARE CAPITAL	REVALUATION RESERVE	EXCHANGE RESERVE	RETAINED PROFITS			
	HK\$	HK\$	HK\$	HK\$	SUBTOTAL	HK\$	HK\$
At 1 April 2019 (Audited)	245,062,941	4,278,755	33,485,136	944,998,339	1,227,825,171	8,491,739	1,236,316,910
(Loss)/Profit for the period	-	-	-	(25,715,844)	(25,715,844)	556,689	(25,159,155)
Other comprehensive expense for the period	-	-	(8,424,481)	-	(8,424,481)	(563,448)	(8,987,929)
Total comprehensive expense for the period	-	-	(8,424,481)	(25,715,844)	(34,140,325)	(6,759)	(34,147,084)
At 30 September 2019 (Unaudited)	245,062,941	4,278,755	25,060,655	919,282,495	1,193,684,846	8,484,980	1,202,169,826
At 1 April 2020 (Audited)	245,062,941	4,278,755	27,084,226	752,559,903	1,028,985,825	8,286,982	1,037,272,807
Loss for the period	-	-	-	(22,164,354)	(22,164,354)	(106,232)	(22,270,586)
Other comprehensive income for the period	-	-	3,477,407	-	3,477,407	243,893	3,721,300
Total comprehensive income/(expense) for the period	-	-	3,477,407	(22,164,354)	(18,686,947)	137,661	(18,549,286)
At 30 September 2020 (Unaudited)	245,062,941	4,278,755	30,561,633	730,395,549	1,010,298,878	8,424,643	1,018,713,521

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

*For the six months ended 30 September 2020*

	Six months ended 30 September	
	2020 HK\$ (Unaudited)	2019 HK\$ (Unaudited)
<b>Net cash generated from operating activities</b>	<b>9,708,879</b>	51,065,219
<b>Net cash used in investing activities</b>	<b>(18,701,549)</b>	(3,035,845)
<b>Net cash generated from/(used in) financing activities</b>	<b>17,433,245</b>	(29,549,627)
<b>Net increase in cash and cash equivalents</b>	<b>8,441,575</b>	18,479,747
<b>Cash and cash equivalents at the beginning of the period</b>	<b>103,372,537</b>	91,012,693
<b>Effect of foreign exchange rate changes</b>	<b>611,301</b>	(1,476,055)
<b>Cash and cash equivalents at the end of the period</b>	<b>112,425,413</b>	108,016,385
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash and cash equivalents	<b>112,425,413</b>	108,016,385

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the six months ended 30 September 2020*

**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 2020 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 2020 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 auditors 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.

## 2. **BASIS OF PREPARATION** *(Continued)*

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

The condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2020.

## 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 2020 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.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

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

4. SEGMENT INFORMATION (Continued)

(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	
	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>	<b>10,415,997</b>	20,791,075	<b>107,292,171</b>	156,913,680	<b>9,256,367</b>	8,694,940	<b>126,964,535</b>	186,399,695
Segment results	<b>(2,258,370)</b>	4,205,052	<b>20,910,295</b>	17,618,058	<b>1,446,127</b>	887,488	<b>20,098,052</b>	22,710,598
Loss arising from change in fair value of investment properties	<b>(33,470,689)</b>	(36,538,112)	-	-	-	-	<b>(33,470,689)</b>	(36,538,112)
<b>(Loss)/Profit from operations</b>	<b>(35,729,059)</b>	(32,333,060)	<b>20,910,295</b>	17,618,058	<b>1,446,127</b>	887,488	<b>(13,372,637)</b>	(13,827,514)
Unallocated finance costs							<b>(4,192,772)</b>	(6,523,306)
Share of results of associates							<b>924,662</b>	(1,437,206)
Impairment loss recognised in respect of amount due from an associate							<b>(1,467,662)</b>	-
<b>Loss before tax</b>							<b>(18,108,409)</b>	(21,788,026)
Income tax expense							<b>(4,162,177)</b>	(3,371,129)
<b>Loss for the period</b>							<b>(22,270,586)</b>	(25,159,155)

Segment revenue reported above represents revenue generated from external customers.

Segment results represent the profit earned by each segment without allocation of finance costs, share of results of associates, impairment loss recognised in respect of amount due from an associate and income tax expense. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

There is no inter-segment sales during both periods.

## 4. SEGMENT INFORMATION (Continued)

### (II) Segment assets and liabilities

	Property investment, development and leasing/hotel operation		Manufacturing and distribution of plastics packaging materials		Broking and securities margin financing		Consolidated	
	30 September 2020 HK\$ (Unaudited)	31 March 2020 HK\$ (Audited)	30 September 2020 HK\$ (Unaudited)	31 March 2020 HK\$ (Audited)	30 September 2020 HK\$ (Unaudited)	31 March 2020 HK\$ (Audited)	30 September 2020 HK\$ (Unaudited)	31 March 2020 HK\$ (Audited)
<b>Assets</b>								
Reportable segment assets	<b>1,008,380,070</b>	1,039,727,713	<b>237,962,938</b>	218,716,918	<b>227,232,960</b>	201,230,786	<b>1,473,575,968</b>	1,459,675,417
Unallocated corporate assets							<b>70,039,325</b>	71,438,825
Total assets							<b>1,543,615,293</b>	1,531,114,242
<b>Liabilities</b>								
Reportable segment liabilities	<b>29,183,953</b>	27,098,544	<b>30,006,596</b>	22,135,588	<b>84,318,105</b>	85,512,837	<b>143,508,654</b>	134,746,969
Unallocated corporate liabilities							<b>381,383,118</b>	359,094,466
Total liabilities							<b>524,891,772</b>	493,841,435

For the purposes of monitoring resources allocation and assessment of segment performance between segments:

- all assets are allocated to reportable segments other than an owner-occupied property using as head office; and
- all liabilities are allocated to reportable segments, other than bank loans.

4. SEGMENT INFORMATION (Continued)

(III) Other segment information

	Property investment development and leasing/hotel operation		Manufacturing and distribution of plastic 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	
	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Amounts included in the measure of segment results or segment assets:</b>								
Additions to non-current assets (Note)	2,717,116	7,681,762	302,589	1,142,739	32,560	-	3,052,265	8,824,501
Depreciation of right-of-use assets	11,543	11,543	877,545	885,722	-	-	889,088	897,265
Depreciation of property, plant and equipment	3,059,742	3,059,343	2,812,608	3,299,054	166,964	160,517	6,039,314	6,518,914
Loss arising on change in fair value of investment properties	33,470,689	36,538,112	-	-	-	-	33,470,689	36,538,112
Write off of property, plant and equipment	355,234	-	-	-	-	9,668	355,234	9,668
Bad debt recovered	-	-	-	-	(15,783)	-	(15,783)	-
<b>Amount regularly provided to the CODM but not included in the measure of segment results or segment assets:</b>								
Finance costs	-	-	-	-	-	-	4,192,772	6,523,306
Income tax expense	-	-	-	-	-	-	4,162,177	3,371,129

Note: Additions to non-current assets consist of additions to investment properties and property, plant and equipment.



## 4. SEGMENT INFORMATION *(Continued)*

### (IV) Geographical segment

The following table sets out information about geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current assets is based on the physical location of the assets.

	Revenue from external customers	
	Six months ended 30 September	
	2020	2019
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Hong Kong	43,507,837	58,205,145
Japan	29,134,384	31,369,847
Oceania	19,430,818	23,777,217
PRC	18,533,594	53,904,783
Europe	8,886,654	9,022,084
North America	6,325,709	8,630,352
Other Asian regions	1,145,539	1,490,267
	<b>126,964,535</b>	186,399,695

	Non-current assets <i>(Note)</i>	
	30 September	31 March
	2020	2020
	HK\$	HK\$
	(Unaudited)	(Audited)
Hong Kong	937,646,232	959,056,272
PRC	89,965,363	88,685,549
	<b>1,027,611,595</b>	1,047,741,821

*Note:* Non-current assets excluded refundable investment deposit, amounts due from associates and deferred tax assets.

4. **SEGMENT INFORMATION** (Continued)

(V) **Information about major customers**

Revenue from customers of the corresponding periods contributing 10% or more of revenue of the Group is as follows:

	Six months ended 30 September	
	2020 HK\$ (Unaudited)	2019 HK\$ (Unaudited)
Manufacturing and distribution of plastic packaging materials		
Customer A <sup>1</sup>	23,538,341	23,176,469
Customer B <sup>2</sup>	–	19,693,996

<sup>1</sup> Revenue derived from the Group's manufacturing and distribution of plastics packaging materials segment.

<sup>2</sup> Revenue derived from the Group's manufacturing and distribution of plastics packaging materials segment. Revenue from this customer for the Reporting Period did not exceed 10% of the Group's revenue.

5. **REVENUE**

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

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

	Six months ended 30 September	
	2020 HK\$ (Unaudited)	2019 HK\$ (Unaudited)
<b>Revenue from contracts with customers</b>		
Sale of goods	107,292,171	156,913,680
Brokerage commission	5,182,012	4,041,221
Hotel accommodation income	525,351	8,959,806
	<b>112,999,534</b>	169,914,707
<b>Revenue from other sources</b>		
Rental income and rental related income	9,890,646	11,831,269
Interest income received from client	3,530,636	4,303,870
Dividend income from listed equity securities	543,719	349,849
	<b>13,965,001</b>	16,484,988
<b>Total revenue</b>	<b>126,964,535</b>	186,399,695

## 5. REVENUE (Continued)

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

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

	Six months ended 30 September	
	2020 HK\$ (Unaudited)	2019 HK\$ (Unaudited)
<b>Timing of revenue recognition</b>		
A point in time	112,474,183	160,954,901
Over time	525,351	8,959,806
<b>Revenue from contracts with customers</b>	<b>112,999,534</b>	<b>169,914,707</b>

## 6. OTHER REVENUE AND OTHER INCOME

	Six months ended 30 September	
	2020 HK\$ (Unaudited)	2019 HK\$ (Unaudited)
Bank interest income	576,808	182,813
Other income (note a)	1,230,781	290,804
Building management fee	91,363	113,000
Handling fee income from stock broking	499,807	501,152
Bad debt recovered	15,783	–
Government subsidies (note b)	2,010,370	–
	<b>4,424,912</b>	<b>1,087,769</b>

Notes:

- (a) Other income mainly represents transportation fee charged to customers and late cancellation charges of hotel booking.
- (b) Government subsidies include (i) subsidies under Employment Support Scheme in Hong Kong which required to provide an undertaking not to make redundancies during the subsidy period and to spend all the wage subsidies to the employees; (ii) one-off subsidies for registered owners of goods vehicles; (iii) subsidies under subsidy scheme for the securities industry; and (iv) subsidies under hotel sector support scheme.

7. FINANCE COSTS

	Six months ended 30 September	
	2020 HK\$ (Unaudited)	2019 HK\$ (Unaudited)
Interest expenses on:		
Bank loans and overdraft	3,906,694	6,225,927
Other borrowings	34,946	30,198
Finance charges on lease liabilities	12,366	29,164
Bank charges	238,766	238,017
	<b>4,192,772</b>	<b>6,523,306</b>

8. INCOME TAX EXPENSE

The income tax expense is as follows:

	Six months ended 30 September	
	2020 HK\$ (Unaudited)	2019 HK\$ (Unaudited)
Current tax:		
Provision for the period	3,565,130	3,545,559
Deferred tax charge/(credit)	597,047	(174,430)
Total income tax expense for the period	<b>4,162,177</b>	<b>3,371,129</b>

The provision for Hong Kong Profits Tax for both periods are calculated at 16.5% (2019: 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.

## 9. LOSS FOR THE PERIOD

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

	<b>Six months ended 30 September</b>	
	<b>2020</b> <b>HK\$</b> <b>(Unaudited)</b>	<b>2019</b> <b>HK\$</b> <b>(Unaudited)</b>
Cost of inventories sold	<b>62,500,523</b>	107,482,066
Direct operating expenses for generating rental income	<b>1,259,913</b>	1,464,654
Depreciation:		
– Property, plant and equipment	<b>6,039,314</b>	6,518,914
– Right-of-use assets	<b>889,088</b>	897,265
	<b>6,928,402</b>	7,416,179
(Gain)/Loss on disposal of financial assets at FVTPL	<b>(413,211)</b>	333,782
Loss on change in fair value of financial assets at FVTPL	<b>1,906,021</b>	583,500
	<b>1,492,810</b>	917,282
Bad debt recovered	<b>(15,783)</b>	–
Write off of property, plant and equipment	<b>355,234</b>	9,668
Exchange loss	<b>415,873</b>	193,773
Staff costs (including directors' emoluments):		
– Salaries, wages and allowances	<b>21,063,902</b>	25,040,779
– Staff benefits	<b>474,215</b>	337,436
– Retirement benefit schemes contributions	<b>527,435</b>	647,034
Total staff costs	<b>22,065,552</b>	26,025,249

## 10. 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 2020 amounting to HK\$6,762,601 were paid in October 2020.

## 11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share is based on the loss attributable to owners of the Company HK\$22,164,354 (Previous Reporting Period: HK\$25,715,844) and on the weighted average 225,420,034 (Previous Reporting Period: 225,420,034) ordinary shares in issue during the both periods.

The diluted loss per share for the Reporting Period and Previous Reporting Period were the same as basic loss per share as there were no potential outstanding shares for both periods.

## 12. PROPERTY, PLANT AND EQUIPMENT

For the Reporting Period, the Group acquired property, plant and equipment of HK\$2,611,404 (Previous Reporting Period: HK\$2,022,705).

## 13. INVESTMENT PROPERTIES

	HK\$
At 1 April 2019 (Audited)	1,027,755,824
Additions	7,599,096
Loss arising on change in fair value	(185,677,089)
	849,677,831
At 31 March 2020 and at 1 April 2020 (Audited)	849,677,831
Additions	440,861
Loss arising on change in fair value	(33,470,689)
	816,648,003
<b>At 30 September 2020 (Unaudited)</b>	<b>816,648,003</b>

All of the Group's properties held under operating leases to generate rental income or for capital appreciation are measured using the fair value model and are classified and accounted for as investment properties.

At 30 September 2020, the Group's investment properties with carrying amounts of HK\$367,400,000 (31 March 2020: HK\$384,510,000) have been pledged to secure general banking facilities granted to the Group (note 19 to the condensed consolidated financial statements).

## 13. INVESTMENT PROPERTIES *(Continued)*

The carrying amount of investment properties shown above comprises:

	<b>30 September 2020 HK\$ (Unaudited)</b>	31 March 2020 HK\$ (Audited)
Inside Hong Kong, held under medium-term lease	<b>791,350,000</b>	824,750,000
Inside Hong Kong, held under long-term lease	<b>13,200,000</b>	14,760,000
Outside Hong Kong, held under medium-term lease	<b>12,098,003</b>	10,167,831
	<b>816,648,003</b>	849,677,831

## 14. LOAN RECEIVABLE

Loan receivable is secured by borrower's properties located in Hong Kong.

Loan receivable is interest bearing at 12.8% per annum and will be repaid on or before 1 August 2023.

## 15. STOCK OF PROPERTY

	HK\$
At 1 April 2019 (Audited)	130,000,000
Additions	2,703,500
Write down of stock of property	(8,703,500)
At 31 March 2020 and at 1 April 2020 (Audited)	124,000,000
Additions	2,365,000
<b>At 30 September 2020 (Unaudited)</b>	<b>126,365,000</b>

The stock of property is located in Hong Kong and held under long-term leases. It is expected to be recovered after one year.

**16. TRADE AND OTHER RECEIVABLES**

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

	<b>30 September 2020 HK\$ (Unaudited)</b>	31 March 2020 HK\$ (Audited)
Trade receivables arising from broking and securities margin financing:		
– Clearing house and cash clients	<b>9,135,035</b>	11,298,783
– Secured margin clients	<b>72,625,022</b>	64,728,288
Less: ECL allowance	<b>(2,164,058)</b>	(2,164,058)
	<b>79,595,999</b>	73,863,013
Trade receivables from sales of goods and leasing/hotel operation	<b>24,948,730</b>	26,532,329
Less: ECL allowance	<b>(933,090)</b>	(922,144)
	<b>24,015,640</b>	25,610,185
Other receivables	<b>2,189,663</b>	1,676,073
	<b>105,801,302</b>	101,149,271

The directors of the Group consider that the fair values of trade and other receivables which are expected to be recovered within one year 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.



## 16. TRADE AND OTHER RECEIVABLES *(Continued)*

At 30 September 2020, trade receivables from cash clients and secured margin clients with the amounts of HK\$1,460,076 (31 March 2020: HK\$4,902,505) was 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.

The Group's trading terms with hotel room guests are requested to settle all outstanding balances before they check out and mainly settled by cash and credit card. The settlement terms of credit card companies are usually 7 days after the service rendered date.

The Group's trading terms with certain of the corporate customers in relation to the provision of hotel and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days.

Normally, upon check-in, the Group will request its room guests for cash deposit or credit card debit authorisation. Other than that, the Group does not obtain any other collateral from its room guests.

### Aging analysis

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

	<b>30 September 2020 HK\$ (Unaudited)</b>	31 March 2020 HK\$ (Audited)
0–30 days	<b>11,898,640</b>	12,243,136
31–60 days	<b>5,528,741</b>	5,275,563
Over 60 days	<b>6,588,259</b>	8,091,486
	<b>24,015,640</b>	25,610,185

16. **TRADE AND OTHER RECEIVABLES** (Continued)

Margin loans due from margin clients are repayable on demand. Margin loans are required to be secured by clients' listed securities held by the Group as collateral and bear interest at 8.5% for the Reporting Period (31 March 2020: 8.5%). The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. At 30 September 2020, the total market value of securities pledged as collateral by the customers in respect of the loans to margin clients was HK\$139,168,114 (31 March 2020: HK\$134,455,117).

No aging analysis of cash clients receivable 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 of broking and securities margin financing.

17. **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>30 September 2020 HK\$ (Unaudited)</b>	31 March 2020 HK\$ (Audited)
Listed securities classified as held for trading investment:		
– Equity securities listed in Hong Kong, at fair value	<b>20,725,000</b>	6,066,000

At the end of the Reporting Period, financial assets at FVTPL are stated at fair value. Fair values of listed securities are determined with reference to quoted market closing prices.

At 30 September 2020, equity securities in Hong Kong with carrying amount of HK\$14,905,000 (31 March 2020: \$6,066,000) have been pledged to secure general banking facilities granted to the Group (note 19 to the condensed consolidated financial statements).

## 18. TRADE AND OTHER PAYABLES

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

	<b>30 September 2020 HK\$ (Unaudited)</b>	31 March 2020 HK\$ (Audited)
Trade payables to:		
– Clearing house and cash clients	<b>67,964,503</b>	76,581,417
– Secured margin clients	<b>13,842,284</b>	6,480,378
– Other creditors	<b>11,306,281</b>	5,767,433
Total trade payables	<b>93,113,068</b>	88,829,228
Other payables	<b>25,169,010</b>	23,750,530
	<b>118,282,078</b>	112,579,758

Trade payables to other creditors are comprised of purchases of materials and supplies.

18. **TRADE AND OTHER PAYABLES** (Continued)

The following is an aging analysis of trade payables to other creditors based on invoice dates:

	<b>30 September 2020 HK\$ (Unaudited)</b>	31 March 2020 HK\$ (Audited)
0–30 days	<b>10,521,234</b>	3,193,297
31–60 days	<b>127,488</b>	848,052
Over 60 days	<b>657,559</b>	1,726,084
	<b>11,306,281</b>	5,767,433

The credit period granted by other creditors is generally within 30 days.

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.

19. **BANK LOANS**

	<b>30 September 2020 HK\$ (Unaudited)</b>	31 March 2020 HK\$ (Audited)
Secured bank loans	<b>381,383,118</b>	359,094,466

## 19. BANK LOANS (Continued)

The Group's bank loans were repayable as follows:

	<b>30 September 2020 HK\$ (Unaudited)</b>	31 March 2020 HK\$ (Audited)
Carrying amounts repayable ( <i>note</i> )		
Within one year	<b>190,069,815</b>	163,067,258
More than one year, but not exceeding two years	<b>8,569,815</b>	8,567,258
More than two years, but not exceeding five years	<b>165,257,935</b>	169,354,630
Over five years	<b>120,360</b>	298,769
	<b>364,017,925</b>	341,287,915
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	<b>17,365,193</b>	17,806,551
Less: Amounts shown under current liabilities	<b>(207,435,008)</b>	(180,873,809)
Amounts shown under non-current liabilities	<b>173,948,110</b>	178,220,657

*Note:* The amounts are based on the scheduled repayment dates set out in the loan agreements.

Bank loans bear interest rate at rates ranging from 1.55% to 3.56% (31 March 2020: 2.15% to 4.14%) per annum.

19. **BANK LOANS** (Continued)

The secured bank loans were guaranteed by the Group's subsidiaries and secured by the Group's assets:

		<b>30 September 2020 HK\$ (Unaudited)</b>	31 March 2020 HK\$ (Audited)
	Notes		
Property, plant and equipment	12	<b>89,472,322</b>	88,334,178
Investment properties	13	<b>367,400,000</b>	384,510,000
Restricted cash		<b>4,100,000</b>	4,100,000
Financial assets at FVTPL	17	<b>14,905,000</b>	6,066,000
		<b>475,877,322</b>	483,010,178

20. **SHARE CAPITAL**

	Number of share	HK\$
<b>Issued and fully paid:</b>		
<b>At 1 April 2019, 31 March 2020 (Audited) and 30 September 2020 (Unaudited)</b>		
	<b>225,420,034</b>	<b>245,062,941</b>

21. **COMMITMENTS**

	<b>30 September 2020 HK\$ (Unaudited)</b>	31 March 2020 HK\$ (Audited)
Authorised and contracted for but not provided for:		
– Acquisition of property, plant and equipment	<b>270,148</b>	220,997
– Development expenditure of properties	<b>19,882,898</b>	3,432,317
	<b>20,153,046</b>	3,653,314

## 22. MATERIAL RELATED PARTIES TRANSACTIONS

Save as disclosed in elsewhere in the condensed consolidated financial statements, the Group entered into the following transactions with related parties at normal commercial terms:

### a) Key management personnel

Remuneration for key personnel management, including amount paid to the Company's Directors and other members of key management and their close family members during the period were as follows:

	<b>Six months ended 30 September</b>	
	<b>2020</b>	2019
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Salaries, allowances and other benefits	<b>5,047,295</b>	5,209,548
Retirement benefit schemes contributions	<b>75,885</b>	87,870
<b>Total compensation paid to key management personnel</b>	<b>5,123,180</b>	5,297,418

### b) Transactions

The Group had the following transactions with related parties during the period as follows:

	<b>Six months ended 30 September</b>	
	<b>2020</b>	2019
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Payment to a company in which a Director of the Company has controlling interest and constituted as exempted continuing connected transaction under the Listing Rules:		
– Rental expenses	<b>675,000</b>	675,000
Payment to a company in which a key management personnel has equity interest		
– Consultancy fee paid	<b>170,100</b>	184,275
Income received from key management personnel		
– Income from brokerage commission	<b>7,388</b>	55,108
– Interest income received from client	<b>222,011</b>	472,736

**23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices and ask prices respectively;
- the fair values of derivative instruments are calculated using quoted prices. When such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and
- the fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are input for which market data are not available; and
- Level 3 valuations: fair value measured using significant unobservable inputs.



## 23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<b>30 September 2020 (Unaudited)</b>				
<b>Financial assets</b>				
<i>Fair value on a recurring basis</i>				
Financial assets at FVTPL:				
– Listed equity securities	20,725,000	–	–	20,725,000
<b>31 March 2020 (Audited)</b>				
<b>Financial assets</b>				
<i>Fair value on a recurring basis</i>				
Financial assets at FVTPL:				
– Listed equity securities	6,066,600	–	–	6,066,600

For the Reporting Period and Previous Reporting Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

The Group's policy is to recognise transfers between levels of fair value hierarchy as of the date of the events or change in circumstances that cause the transfer.

## 24. EVENTS AFTER REPORTING PERIOD

On 23 October 2020, Nan Sing Plastics Limited, an indirect non-wholly owned subsidiary of the Company (as the vendor), the Purchaser, an independent third party and the Company (as the vendor's guarantor) has entered into the disposal agreement (the "Disposal Agreement") pursuant to which the vendor agreed to sell the entire issued share of Nan Sing Investment Limited (collectively, "Nan Sing Investment Group") and the sale loan owing by Nan Sing Investment Group at the consideration of HK\$180,000,000 (subject to adjustments) (the "Disposal") and the Company agreed to guarantee due observance and performance by the vendor of all the agreements, obligations, commitments, warranties and undertakings contained in the Disposal Agreement but such guarantee will be limited to 95% of the vendor's liabilities under the Disposal Agreement and other documents entered into pursuant to the Disposal Agreement.

The Board estimates that the Group will record a net gain of approximately HK\$52 million from the Disposal. It is expected that the net proceeds from the Disposal will be used for re-investment for other potential projects and/or business opportunities that may arise and as general working capital and business development of the Group.

As at the date of this report, the disposal is not completed yet.

## 25. 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\$127.0 million, representing a decrease of HK\$59.4 million, or 31.9% as compared with HK\$186.4 million in the Previous Reporting Period. The Group recorded loss for the period of HK\$22.3 million, representing a decrease in loss of HK\$2.9 million, or 11.5% as compared with the loss of HK\$25.2 million in the Previous Reporting Period. Despite under the current adverse market environment, the Group still earned stable returns from operations. The decrease in net loss was mainly attributable to the decrease in loss arising from change in fair value of investment properties of HK\$3.1 million, as compared to HK\$36.5 million in the Previous Reporting Period.

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

This segment comprises property investment, development and leasing in Hong Kong and the PRC and operating a hotel in Hong Kong. For the Reporting Period, this segment recorded revenue of HK\$10.4 million, a decrease of HK\$10.4 million, or 49.9% as compared with HK\$20.8 million in the Previous Reporting Period. Loss from operations was HK\$35.7 million, representing an increase in loss of HK\$3.4 million or 10.5%, as compared with HK\$32.3 million in the Previous Reporting Period. Excluding the change in fair value of investment properties, such loss was mainly attributable to decrease in profit of hotel operation (which has been suspended since 1 June 2020) of HK\$6.1 million as compared with Previous Reporting Period.

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

For 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\$9.9 million, representing a decrease of HK\$1.9 million, or 16.4% as compared with HK\$11.8 million in the Previous Reporting Period. It was mainly attributable to the reduction or concession in monthly rentals from tenants due to severe disruptions caused by COVID-19.

#### *(ii) Hotel Operation*

Our hotel operation was suspended since 1 June 2020 for alteration and addition works. During the Reporting Period, hotel accommodation income recorded HK\$0.5 million, decreased significantly by HK\$8.4 million or 94.1% as compared with HK\$9.0 in the Previous Reporting Period. Occupancy rate and average room rate were merely 46.7% and HK\$249.1, respectively, mainly caused by travel restrictions.

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

This segment recorded revenue of HK\$107.3 million, a decrease of HK\$49.6 million or 31.6% as compared with HKD156.9 million in the Previous Reporting Period due to a drop in sales on both manufacturing and trading division. However, the segment profit was HK\$20.9 million, an increase of HK\$3.3 million or 18.7% as compared with HK\$17.6 million in the Previous Reporting Period. The increase in segment profit was mainly due to the decrease in cost of sales couple with relief measures announced by both the Chinese and Hong Kong government.

With the COVID-19 pandemic forcing countries around the world to close borders and close cities, it remains unclear when and how quickly the global economy returns to normal. Furthermore, widespread support for ban on single-use plastic products continues to gain momentum, China plans to reduce plastic pollution by 30% in stages within five years. It is still unclear what is deemed acceptable and whether only non-degradable carrier bags will be banned in major cities by the end of 2020. Nevertheless, we are prepared to promote recyclable and sustainable alternatives to fulfil the global pursuit of greener lifestyle.

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

By the end of the Reporting Period, market momentum is weak and volatile due to full of negative elements. There are four major risk factors still irritating the investment market. That are the uncertainties of US presidential election, the COVID-19 pandemic persistence, the slow global economic recovery and the geopolitical tension.

Clients are observably and are less inclined to hold stocks that may affect our margin financing business. At the beginning and closing of the Reporting Period, Hang Seng Index both recorded nearly 23,400 points, however there was 3,600 points hovered in between. Some of the large US-listed China firms are relocating back to Hong Kong for listing. The Stock Exchange recorded an average daily turnover about HK\$130 billion.

Our performance is still constrained by the worsening global economic environment and keen competition of the industry. During the Reporting Period, we obtained the segment revenue of HK\$9.3 million, an increase of 0.6 million, or 6.5% as compared with HK\$8.7 million in the Previous Reporting Period. Brokerage commission recorded an increase of 28.2% as we benefited from the growth of the overall market turnover. While the interest received from clients recorded a decline of 18.0% due to market volatility. The segment profit was HK\$1.4 million, increased by HK\$0.6 million or 62.9% as compared with HK\$0.9 million in the Previous Reporting Period. The change was align with the increase in segment revenue as compared with 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 2020, cash and cash equivalents was HK\$112.4 million (31 March 2020: HK\$103.4 million). As at 30 September 2020, the current ratio of the Group was 1.5 (31 March 2020: 1.5).

The Group's bank loans increased by HK\$22.3 million from HK\$359.1 million as at 31 March 2020 to HK\$381.4 million, as at 30 September 2020, in which the short-term loans amounted HK\$207.4 million (31 March 2019: HK\$180.9 million) and long-term loans amounted HK\$173.9 million (31 March 2019: HK\$178.2 million). The Group's current period net debt to equity ratio was 26.2% (31 March 2020: 24.5%), 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 bank loans and loss incurred during the Reporting Period.

### Capital Structure

As at 30 September 2020, the Group's total equity attributable to owners of the Company amounted to HK\$1,010.3 million (31 March 2020: HK\$1,029.0 million). The Group's consolidated net assets per share as at 30 September 2020 was HK\$4.5 (31 March 2020: HK\$4.6).

### 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 301 employees as at 30 September 2020 (31 March 2020: 333 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 and the COVID-19 pandemic is predicted to persist into next year, our businesses may be adversely affected. To cope with the uncertainties, we will cautiously review and adjust our business strategies from time to time.

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

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

Under the current environment, corporations tend to downsize or withhold their business expansion plan followed by COVID-19 pandemic. The market demand for traditional office is weak but on the other hand, more corporations are seeking for economical and flexible workspace solution as their substitution. Our serviced offices are tailor-made and ready to cater for clients with different needs by providing prestige services. Meanwhile, the Group will consider opportunities with competitive strategies, including but not limited to upgrade our premises, in order to make use of our property portfolio to generate favorable return in coming years.

### *(ii) Hotel Operation*

The Group has suspended the hotel operation business in Hong Kong from 1 June 2020 for alterations and addition works.

The upgrade works to our hotel will increase the number of guest rooms and the size of commercial areas to fully utilise the plot ratio with a view to generating additional hotel accommodation income and rental income for the Group in the coming years.

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

With the COVID-19 pandemic lingering on and the impact of the US-China decoupling and economic confrontation continues, it is unpredictable when the global economy can recover, which in turn will impact our customers' sentiment towards their sales forecast and delay their marketing and procurement decisions further. Furthermore, "No Plastic" campaign continues to gain momentum around the world encouraging people and businesses to give up single-use plastics and replace them with reusable, recyclable and sustainable alternatives. In face with the current challenges, we will continue to modernize our manufacturing facilities to enhance competitiveness and focus on promoting greener alternatives to meet the market demand.

### ***Broking and Securities Margin Financing***

COVID-19 pandemic has forced many business activities to lockdown, and it is difficult to predict when it would be released until vaccines could be achieved successfully. Lot of measures has been pledged by many countries to boost economic recovery. The PRC has an encouraging improvement in GDP growth in the third quarter of 2020.

Nevertheless, under the current environment, we will continue to cautiously monitor our margin financing and maintain our service quality to our clients, with the hope that we can perform better until the pandemic is under control and the world economy recovers gradually in the near future.

**CORPORATE GOVERNANCE AND OTHER INFORMATION**

**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 28 August 2020 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.

**Directors' Interests in Share Capital**

As at 30 September 2020, the Directors of the Company had the following beneficial interests, all being long positions, in the share capital of the Company, the subsidiaries and associate companies of the Company:

	Number of shares held				% of the Issued Share Capital
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
<b>(a) The Company</b>					
(Ordinary shares)					
Chua Nai Tuen	4,509,917	–	93,178,000 <i>(Note)</i>	–	43.34
Nelson Junior Chua	6,954,391	–	–	–	3.09
Gilson Chua	7,021,855	–	–	–	3.12
Jimmy Siy Tiong	3,770,987	–	–	–	1.67
Tsai Han Yung	5,120,490	–	–	–	2.27
Vivian Chua	1,040,000	–	–	–	0.46
<b>(b) Nan Sing Plastics Limited</b>					
(Ordinary shares)					
Chua Nai Tuen	–	–	6,965	–	4.64
<b>(c) Titan Dragon Properties Corporation</b>					
(Capital stock of Peso1,000.00 per share)					
Chua Nai Tuen	7,200	13,600	4,000 <i>(Note)</i>	–	31.00
Jimmy Siy Tiong	1,600	–	–	–	2.00



*Note:*

The shares regarding 'Corporate interests' in which Messrs. Chua Nai Tuen was taken to be interested as stated above were the interests of corporations in general meetings of which he was either entitled to exercise (or was taken under Part XV of the Securities and Futures Ordinance (the "SFO") to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporations.

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers:

- (a) there were no interests, both long and short positions, held as at 30 September 2020 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), and
- (b) there existed during the financial period no rights to subscribe for shares, underlying shares or debentures of the Company which were held by any of the Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial period of any such rights by any of them.

### Substantial Shareholders' Interests

Given below are the names of all parties, other than persons who are Directors of the Company, which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at 30 September 2020 as recorded in the register kept by the Company under section 336 of the SFO:

	No. of Ordinary Shares held	% of the Issued Share Capital
J & N International Limited ("J & N") (Note 1)	56,216,000	24.94
Sonliet Investment Company Limited ("Sonliet Investment") (Note 1)	36,962,000	16.40
Mr. Chua Nai King (Note 2)	21,204,931	9.41
Julius Baer Trust Company (Singapore) Limited ("Julius Baer") (Note 2)	16,880,140	7.49
Loriking Limited ("Loriking") (Note 2)	16,880,140	7.49

Note 1: For the avoidance of doubts and double counting, it should be noted that J & N's and Sonliet Investment's interests are entirely duplicated with Mr. Chua Nai Tuen's interests.

Note 2: For the avoidance of doubts and double counting, it should be noted that Julius Baer's and Loriking's interests are entirely duplicated with Mr. Chua Nai King's interests.

All the interests stated above represented long positions and as at 30 September 2020, there were no short positions recorded in the said register.

### 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. Wong Shek Keung and Mr. Tsui Ka Wah 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.

# Southeast Asia Properties & Finance Limited

## 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.

## Publication of Interim Report

The electronic version of this report will be published 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).

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

Hong Kong, 20 November 2020

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