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

Website: http://www.seapnf.com.hk

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

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 2017 as below:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2017

	Notes	**2017** *HK$*	2016 *HK$*
Revenue	*5*	**532,100,660**	505,012,541
Cost of sales		**(421,431,993)**	(393,521,579)
Gross profit		**110,668,667**	111,490,962
Other revenue and other income		**9,671,157**	7,149,812
Gain arising on change in fair value of investment properties		**51,628,869**	5,370,771
Gain (loss) arising on change in fair value of financial assets at fair value through profit or loss		**1,814,506**	(2,179,222)
Selling and distribution expenses		**(9,327,238)**	(9,239,984)
Administrative expenses		**(50,051,044)**	(57,932,178)
Other operating income (expenses)		**298,366**	(854,216)

	Notes	2017 HK$	2016 HK$
Profit from operations	*6*	**114,703,283**	53,805,945
Impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss		**–**	(6,425,279)
Cumulative gain reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets		**–**	1,091,633
Finance costs	*7*	**(7,870,024)**	(7,834,407)
Share of results of associates		**215,484**	1,715,190
Profit before tax		**107,048,743**	42,353,082
Income tax expense	*8*	**(9,494,912)**	(4,322,296)
Profit for the year		**97,553,831**	38,030,786
Profit for the year attributable to:			
Owners of the Company		**95,807,428**	37,168,950
Non-controlling interests		**1,746,403**	861,836
		97,553,831	38,030,786
Earnings per share			
Basic and diluted *(HK cents)*	*10*	**44.1**	17.1

Details of dividends are set out in note 9 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017	2016
	HK$	*HK$*
Profit for the year	**97,553,831**	38,030,786
Other comprehensive loss		
Item that will not be reclassified to profit or loss:		
Gain on revaluation of property	**–**	2,200,458
Items that may be reclassified subsequently to profit or loss:		
Gain (loss) arising on fair value change of available-for-sale financial assets	**4,304,390**	(5,481,146)
Exchange differences on translation of foreign operations	**(9,836,758)**	(9,127,614)
Share of exchange reserve of associates	**(2,734,325)**	–
Reclassification adjustments relating to available-for-sale financial assets impaired of	**–**	6,425,279
Reclassification adjustments relating to available-for-sale financial assets disposed of	**–**	(1,091,633)
Other comprehensive loss for the year	**(8,266,693)**	(7,074,656)
Total comprehensive income for the year	**89,287,138**	30,956,130
Total comprehensive income for the year attributable to:		
Owners of the Company	**87,997,554**	29,406,134
Non-controlling interests	**1,289,584**	1,549,996
	89,287,138	30,956,130

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	2017 HK$	2016 HK$
Non-current assets			
Investment properties		**871,554,798**	932,155,668
Property, plant and equipment		**183,578,321**	191,346,807
Leasehold land and land use right		**14,509,334**	15,890,009
Interests in associates		**80,612,015**	81,592,537
Available-for-sale financial assets		**21,771,316**	17,276,256
Intangible assets		**3,702,706**	3,702,706
Deferred tax assets		**942,118**	1,402,126
Other assets		**3,017,873**	2,928,094
		1,179,688,481	1,246,294,203
Current assets			
Inventories		**64,947,335**	59,032,659
Stock of property	*11*	**114,870,000**	–
Trade and other receivables	*12*	**170,339,688**	158,019,353
Financial assets at fair value through profit or loss		**7,169,750**	5,485,293
Loan receivables		**19,000,000**	19,000,000
Deposits and prepayments		**9,888,985**	7,550,205
Prepaid tax		**1,036,544**	2,812,125
Restricted cash		**4,100,000**	4,100,000
Trust accounts of shares dealing clients		**106,320,931**	104,776,670
Cash and cash equivalents		**81,832,677**	81,359,380
		579,505,910	442,135,685
Current liabilities			
Amount due to an associate		**997,760**	478,907
Amount due to a related company		**11,164,633**	–
Trade and other payables	*13*	**168,119,374**	160,263,490
Bank loans		**95,419,484**	106,143,788
Tax payable		**3,789,832**	1,639,160
		279,491,083	268,525,345

	Notes	**2017**	2016
		HK$	*HK$*
Net current assets		**300,014,827**	173,610,340
Total assets less current liabilities		**1,479,703,308**	1,419,904,543
Non-current liabilities			
Bank loans		**222,029,209**	243,387,421
Amounts due to non-controlling interests		**2,960,000**	2,960,000
Deferred tax liabilities		**8,634,395**	6,980,708
		233,623,604	253,328,129
Net assets		**1,246,079,704**	1,166,576,414
Capital and reserves			
Share capital		**217,418,850**	217,418,850
Reserves		**1,008,151,108**	929,937,402
Equity attributable to owners of the Company		**1,225,569,958**	1,147,356,252
Non-controlling interests		**20,509,746**	19,220,162
Total equity		**1,246,079,704**	1,166,576,414

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of the Company are located at Units 407-410, 4th Floor, Tower 2, Silvercord, No. 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in investment holding, property investment, development and leasing, hotel operations, 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.

The financial information relating to the years ended 31 March 2017 and 31 March 2016 included in this announcement of annual results for the year ended 31 March 2017 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (the "Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 March 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 March 2017 in due course.

The Company's auditors have reported the financial statements of the Group for both years. The auditors' report was unqualified; did not include a reference to any matters to which the auditors 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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new and amendments to standards and interpretations (collectively referred to as the "new and amendments to HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning from 1 April 2016. A summary of the new and amendments to HKFRSs applied by the Group is set out as follows:

HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and financial positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKAS 7 (Amendments)	Disclosure Initiative[1]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKAS 40 (Amendments)	Transfers of Investment Property[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle[5]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 4 (Amendments)	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*[2]
HKFRS 9	Financial Instruments[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[2]

1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

4 Effective for annual periods beginning on or after a date to be determined.

5 Effective for annual periods beginning on or after 1 January 2017 or 2018, as appropriate.

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirement of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair value at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading investments) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated at fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies at 31 March 2017, the application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale financial assets, including those currently stated at cost less any identified impairment losses, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfilment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported as the timing of revenue recognition may be affected and the amounts of revenue recognised are subject to variable consideration constraints, and more disclosures relating to revenue is required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17 the Group has already recognised prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lease accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

At 31 March 2017, the Group has non-cancellable operating lease commitments of approximately HK$4,637,453. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

Except disclosed above, the directors of the Company do not anticipate that the application of other new and amendments to HKFRSs will have a material impact on the Group's financial performance and financial positions.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rule") on the Stock Exchange and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

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 property investment, development and leasing, hotel operations, manufacturing and distribution of plastic packaging materials and 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 operations	Provision of hotel services in Hong Kong and investing, developing and leasing properties in Hong Kong and the People's Republic of China (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

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 operations		Manufacturing and distribution of plastic packaging materials		Broking and securities margin financing		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Revenue	**45,141,520**	43,840,999	**453,236,943**	420,461,770	**33,722,197**	40,709,772	**532,100,660**	505,012,541
Segment results	**17,682,258**	19,218,702	**28,230,472**	20,517,780	**17,161,684**	8,698,692	**63,074,414**	48,435,174
Gain arising on change in fair value of investment properties	**51,628,869**	5,370,771	**–**	–	**–**	–	**51,628,869**	5,370,771
Profit from operations	**69,311,127**	24,589,473	**28,230,472**	20,517,780	**17,161,684**	8,698,692	**114,703,283**	53,805,945
Impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss							**–**	(6,425,279)
Cumulative gain reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets							**–**	1,091,633
Unallocated finance costs							**(7,870,024)**	(7,834,407)
Share of results of associates							**215,484**	1,715,190
Profit before tax							**107,048,743**	42,353,082
Unallocated income tax expense							**(9,494,912)**	(4,322,296)
Profit for the year							**97,553,831**	38,030,786

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

Segment results represent the profit earned by each segment without allocation of impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss and cumulative gain reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets, finance costs, share of results of associates and income tax expense. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

II) 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 customer	
	2017	2016
	HK$	*HK$*
Hong Kong	**175,541,867**	229,073,938
North America	**30,141,684**	32,128,100
Oceania	**36,242,875**	30,098,018
Europe	**42,180,157**	41,939,164
PRC	**198,272,293**	112,651,439
Other asian countries	**49,721,784**	59,121,882
	532,100,660	505,012,541

	Non-current assets *(Note)*	
	2017	2016
	HK$	*HK$*
Hong Kong	**1,030,993,356**	1,098,020,387
PRC	**93,772,636**	98,924,698
	1,124,765,992	1,196,945,085

Note: Non-current assets excluded amounts due from associates, available-for-sale financial assets and deferred tax assets.

5. REVENUE

	2017	2016
	HK$	*HK$*
Sale of goods	**453,236,943**	420,461,770
Rental income and rental related income	**23,157,017**	22,607,613
Brokerage commission	**15,102,693**	22,214,250
Interest income received from client	**17,446,750**	17,244,273
Hotel operation income	**21,984,503**	21,233,386
Dividend income from listed equity securities	**1,142,880**	1,222,486
Dividend income from unlisted equity securities	**29,874**	28,763
	532,100,660	505,012,541

6. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging (crediting):

	2017	2016
	HK$	*HK$*
Amortisation of leasehold land and land use right	**489,057**	518,406
Auditors' remuneration:		
– Audit services	**1,030,754**	1,419,864
– Non-audit services	**–**	253,000
	1,030,754	1,672,864
Cost of inventories sold	**356,910,256**	326,497,999
Depreciation of property, plant and equipment	**12,853,457**	12,449,350
Direct operating expenses for generating rental income	**2,290,765**	1,616,927
Exchange (gain) loss, net	**(353,543)**	456,439
(Gain) loss on disposal of property plant and equipment	**(52,459)**	368,526
Operating lease rental in respect of office premises	**1,343,017**	2,997,227
Staff costs (including directors' remuneration):		
– Salaries, wages and allowances	**52,206,540**	53,255,175
– Staff benefits	**926,992**	2,471,008
– Retirement benefit schemes contributions	**955,670**	952,825
	54,089,202	56,679,008

7. FINANCE COSTS

	2017	2016
	HK$	*HK$*
Interest expenses on:		
Bank loans and overdraft	**7,557,354**	7,205,080
Amounts due to related companies	**3,669**	19,678
Other borrowings	**7,486**	9,415
Bank charges	**301,515**	600,234
	7,870,024	7,834,407

8. INCOME TAX EXPENSE

The income tax expense is as follow:

	2017	2016
	HK$	*HK$*
Hong Kong Profits Tax		
– Current tax	**6,638,859**	4,917,279
– Under provision in prior years	**98,782**	448,398
	6,737,641	5,365,677
PRC Enterprise Income Tax		
– Current tax	**694,364**	–
Deferred tax charge (credit)	**2,062,907**	(1,043,381)
Total income tax expense for the year	**9,494,912**	4,322,296

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

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

No provision for the PRC Enterprise Income Tax for the year ended 31 March 2016 has been made as taxable profits were wholly absorbed by tax losses brought forward.

9. DIVIDENDS

	2017	2016
	HK$	*HK$*
Dividends recognised as distribution during the year		
– Final dividend – HK3 cents (2016: HK3 cents) per ordinary share	**6,522,565**	6,522,565
– Interim dividend – HK1.5 cents (2016: Nil) per ordinary share	**3,261,283**	–
	9,783,848	6,522,565

Subsequent to the end of the reporting period, a final dividend of HK4.5 cents per ordinary share with scrip dividend alternative, and a special dividend of HK10 cents per ordinary share with scrip dividend alternative, in respect of the year ended 31 March 2017 have been proposed by the directors of the Company and are subject to approval by the shareholders in the forthcoming annual general meeting.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on profit attributable to owners of the Company of HK$95,807,428 (2016: HK$37,168,950) and on the weighted average number of 217,418,850 (2016: 217,418,850) ordinary shares in issue during the year.

The diluted earnings per share for the years ended 31 March 2017 and 2016 was the same as basic earnings per share as there was no potential outstanding shares for both years.

11. STOCK OF PROPERTY

	2017	2016
	HK$	*HK$*
Property under development held for sales	**114,870,000**	–

The stock of property is located in Hong Kong and held under long-term leases.

Property under development held for sales is expected to be recovered after more than one year.

12. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$	*HK$*
Trade receivables from:		
– Clearing house and cash clients	**44,169,264**	28,562,736
– Secured margin clients	**72,902,154**	79,726,183
– Other customers	**48,749,797**	39,687,088
	165,821,215	147,976,007
Less: Allowance for doubtful debts	**(9,410,948)**	(9,410,948)
	156,410,267	138,565,059
Other receivables	**13,929,421**	19,454,294
	170,339,688	158,019,353

Trade receivables from other customer are comprised of sales of goods and rental income.

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.

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.

Room guests are requested to settle all outstanding balances before they check out. 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.

(a) Aging analysis

The following is an aging analysis of trade receivables of the Group arose from clearing house and cash clients and other customers, presented based on the invoice date, which approximates the respective revenue recognition dates and net of allowance for doubtful debts:

	2017	2016
	HK$	*HK$*
0-30 days	**44,999,534**	37,343,942
31-60 days	**16,144,233**	4,458,331
Over 60 days	**22,364,346**	17,036,603
	83,508,113	58,838,876

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 bears interest at 8.25% for the year ended 31 March 2017 (2016: 8.25%). 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 2017, the total market value of securities pledged as collateral by the customers in respect of the loans to margin clients was HK$167,377,629 (2016: HK$169,171,622). No aging analysis of secured margin clients is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of business of securities margin financing.

Amounts of HK$17,305,137 (2016: HK$17,407,542) included in trade receivables from clearing house and cash clients is secured by debtor's property.

13. TRADE AND OTHER PAYABLES

	2017	2016
	HK$	*HK$*
Trade payables to:		
– Clearing house and cash clients	**94,262,615**	93,272,104
– Secured margin clients	**20,750,237**	19,462,165
– Other creditors	**23,470,798**	11,355,168
	138,483,650	124,089,437
Other payables	**29,635,724**	36,174,053
	168,119,374	160,263,490

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

The following is an aging analysis of the trade payables at the end of the reporting period:

	2017	2016
	HK$	*HK$*
0-30 days	**138,058,440**	122,971,703
31-60 days	**26,647**	809,950
Over 60 days	**398,563**	307,784
	138,483,650	124,089,437

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

For the year ended 31 March 2017, the Group recorded revenue of HK$532.1 million, an increase of 5.4% as compared with HK$505.0 million in the preceding year, and the Group's profit for the year was HK$97.6 million, an increase of 156.8% as compared with HK$38.0 million in the preceding year.

The annual results of the Group for the year ended 31 March 2017 recorded a significant increase in profit as compared with the preceding year. It was mainly attributable to the increase of approximately HK$46.2 million in the gain arising on change in fair value of the Group's investment properties, reduction of approximately HK$7.8 million in administrative expenses due to effective cost control measures implemented, and reduction of approximately HK$6.4 million in impairment loss recognized in respect of available-for-sale financial assets due to improved stock market conditions.

Property Investment, Development and Leasing/Hotel Operation

This segment comprises property investment, development and leasing in Hong Kong and China and provision of hotel services in Hong Kong. For the year ended 31 March 2017, this segment recorded revenue of HK$45.1 million, an increase of 3.0% as compared with HK$43.8 million in the preceding year, and the segment result was HK17.7 million, a decrease of 7.8% as compared with HK$19.2 million in the preceding year. Including the gain arising on change in fair value of investment properties of HK$51.6 million, due to hot market sentiment in both Hong Kong and China properties sector, the profit from operation was HK$69.3 million, an increase of 181.7% as compared with HK$24.6 million in the preceding year.

(i) Property Investment, Development and Leasing

The Every-glory Centre, located at Tsim Sha Tsui, Kowloon, Hong Kong, which was acquired at August 2015, was being renovated from office to business centre in three phases. Phase 1 renovation, with 6 floors being converted into business centre, was proceeding during the year.

The bare site of No. 121 King's Road, Fortress Hill, Hong Kong, was under construction into office building of six floors, since January 2017. The construction period is estimated to take around 1 year.

Most of the Group's investment properties were leased out to generate rental income for the Group. For the year ended 31 March 2017, the Group's rental income and rental related income amounted HK$23.2 million, an increase of 2.7% as compared with HK$22.6 million in the preceding year. It was mainly attributed by the rental income and rental related income generated from the newly acquired investment property at August 2015. Certain rental leases have been adjusted during contract renewal according to market conditions.

(ii) Hotel Operation

For the year ended 31 March 2017, the Group's hotel operation income amounted to HK$22.0 million, an increase of 3.8% as compared with HK$21.2 million in the preceding year. Supported by the increase of visitor arrivals to Hong Kong from South East Asia, our hotel achieved an occupancy of 92.3%, which increased slightly as compared with 89.0% of the preceding year and it was better than the industry average of 89.7%. The average room rate remained stable as compared with the preceding year. The slowdown of global economy and the strong United States Dollars against other currencies are making shopping and travelling to Hong Kong less appealing.

Manufacturing and Distribution of Plastic Packaging Materials

For the year ended 31 March 2017, this segment recorded a revenue of HK$453.2 million, an increase of 7.8% as compared with HK$420.5 million in the preceding year, and the segment profit was HK$28.2 million, an increase in 37.6% as compared with HK$20.5 million in the preceding year. The increase in sales was primarily led by a growth in sales volume in Greater China and Australia market. The increase in segment profit was mainly due to improvement in gross profit margin and reduction of administration expenses.

Operating environment remained challenging as competitions intensified due to excess capacity and stagnant demand globally; however, our manufacturing business was generally robust as we began to reap the benefits from some of the innovative initiatives implemented in the production processes to increase operational efficiency and efficacy. We have installed the latest technology to monitor and control the product quality automatically minimising the workload of our operators.

Furthermore, we adopted cleaner production practices by using water-based ink instead of solvent-based ink to reduce the volatile organic compounds (“VOCs”). We have proactively reduced waste, optimised the utilisation of resources and monitored our energy consumption level to minimise our impact to the environment and promote a circular and more sustainable economy.

Broking and Securities Margin Financing

Our business is still facing keen competition. Hong Kong stock market was so stagnant at the first three quarters of the financing year due to worldwide uncertainties. In the forth quarter during the period, the market become more energetic, one of the major reasons was that fund from China inflow to the market through “Shenzhen/Shanghai-Hong Kong Connect” which generated market turnover about 80-100 billion daily. And also the US stock market was pushed up greatly by the “Donald Trump Effect”, which favors the investment market.

For the year ended 31 March 2017, this segment recorded brokerage commission of HK$15.1 million, a decrease of 32.0% as compared with HK$22.2 million in the preceding year, and interest income received from clients of HK$17.4 million, an increase of 1.2% as compared with HK$17.2 million in the preceding year. The segment profit was HK$17.1 million, an increase of 96.6% as compared with HK$8.7 million in the preceding year. The increase in segment profit was mainly due to increase of HK$4.0 million in fair value change on trading securities, reduction of cost of sales by HK$1.5 million, reduction of rental cost by HK$1.6 million and staff cost by HK$1.5 million respectively.

Strategies and Prospects

Looking ahead, as the unstable and the volatility of global economic environment, 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

In Hong Kong, the factors of low interest rate environment and limitation of land supply will continue to benefit the local property market. Rental income from the Group's investment properties is expected to face mild price pressure.

Hotel Operation

Despite the global political and financial uncertainties, the increase of hotel room supply, the increase competition from other countries and the slow economic recovery of China, our hotel continue to perform steadily for the first 3 months of 2017. To maintain competitive, we will continue to stay focus on flexible rate strategies, diversify our customer base and market segment, control operating costs, maintain service quality and improve the physical conditions of our hotel to deliver better guest experience.

Manufacturing and Distribution of Plastic Packaging Materials

The global economy in the coming year will remain unpredictable as leaders around the world attempt to revive their own economy with all possible economic and political measures, which would inevitably affect the outlook of our manufacturing business.

In Hong Kong, the Environment Bureau has announced a municipal solid waste ("MSW") charging scheme, which will incentivise people to reduce waste at source and recover more resources from the waste stream to divert recyclables from landfills. It is based on the principal of "Polluter pays" and anyone who uses Food Environment Hygiene Department ("FEHD") and its contractors' service must dispose their MSW in the designated garbage bags. This bill will affect all sectors in Hong Kong, drive behavioural change and revolutionize the waste industry.

In addition, we acknowledge the traditional linear economic model underscored by "take, make, use and dispose" poses a tremendous challenge to the sustainable development of our society. Our future has to be found on a circular economy that optimizes the utilisation of resources and reduces waste while driving growth. As socially responsible businesses, we are conscious of the need to reduce waste and actively participate in recycling and waste treatment to turn waste into resources.

In this fiercely competitive environment, we will continue to strive for better quality of our products and services and explore new business opportunities in the ongoing green trend. We will continue to modernise our manufacturing facilities, automate our workflow to improve operational efficiency and adopt innovative technologies to strengthen our productivity and capability.

Broking and Securities Margin Financing

In 2017, many uncertain issues will affect the investment environment given that the contraction of QE program and the frequency of increase in interest rate by the US Federal Reserve. And the development of "Brexit" and the re-election year of many countries, that all would make investors speculate.

Despite facing challenge from competitors, we will continue to strive for better quality of services to our clients. In view of this, we have launched a new trading platform early this year in order to improve speed efficiency and to provide an informative interface. Our business is mostly related to the market performance. We would take prudent measures on our strategies and always beware of the market situation.

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 2017, cash and cash equivalents were HK$81.8 million (2016: HK$81.4 million) and trade and other receivables were HK$170.3 million (2016: HK$158.0 million). Trade and other payables were HK$168.1 million (2016: HK$160.3 million). The increase in trade and other receivables was mainly attributed to the increase in receivables from clearing house and cash clients.

As at 31 March 2017, the Group's bank loans and overdraft decreased from HK$349.5 million as at 31 March 2016 to HK$317.4 million, in which the short term borrowings amounted to HK$95.4 million (2016: HK$106.1 million) and long term borrowings amounted to HK$222.0 million (2016: HK$243.4 million). The Group's current year net debt to equity ratio was 19.2% (2016: 23.4%), calculated on the basis of the Group's bank loans and overdraft less cash and cash equivalents divided by total equity attributable to owners of the Company. The decrease in the net debt to equity ratio was mainly due to the profitable business operations and then repayment of bank loans during the year.

Capital Structure

As at 31 March 2017, the total equity attributable to owners of the Company amounted to HK$1,225.6 million (2016: HK$1,147.4 million). The Group's consolidated net assets per share as at the reporting date was HK$5.73 (2016: HK$5.37).

Foreign Exchange Exposure

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

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

To minimise exposure on foreign exchange fluctuations, the Group's borrowings are primarily denominated in HK$ and US$. The Group has no significant exposure to foreign exchange rate fluctuations.

The transactions and monetary assets and liabilities denominated in Rmb outside the PRC is minimal, the Group consider that there is no significant foreign exchange risk in respect of Rmb.

Material Acquisitions and Disposals

During the year ended 31 March 2017, there was no material acquisitions or disposals of subsidiaries or associated companies.

Employees and Remuneration Policies

The Group had 456 employees as at 31 March 2017. Employees were remunerated according to nature of the job and market trend.

DIVIDENDS

The Board has recommended the payment of a final dividend of HK4.5 cents per ordinary share with scrip dividend alternative (2016: HK3 cents per ordinary share) and the payment of a special dividend of HK10 cents per ordinary share with scrip dividend alternative (2016: Nil), in respect of the year ended 31 March, 2017 to all shareholders of the Company whose name appear on the register of members of the Company on 1 September, 2017.

The Scrip Dividend Scheme is subject to (1) the approval of the proposed final dividend at the forthcoming annual general meeting; (2) the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant thereto; and (3) the white wash waiver granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any of his/her delegate.

A circular containing full details of the Scrip Dividend Scheme together with the form of election will be sent out to the shareholders on or around Wednesday, 27 September 2017. It is expected that the final dividend and the special dividend for the new shares or cash (as appropriate) will be dispatched to the shareholder on or around Tuesday, 31 October 2017.

ANNUAL GENERAL MEETING

The Annual General Meeting (the "AGM") will be convened to be held on Friday, 25 August, 2017. The Notice of AGM will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and sent to the shareholders of the Company, together with the Company's 2016/17 Annual Report, in due course.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Tuesday, 22 August 2017 to Friday, 25 August, 2017, both days inclusive, during which period no share transfers can be registered. In order to eligible to attend and vote at the AGM, all transfer, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, General Secretarial Services Limited at 26th Floor, KP Tower, 93 King's Road, North Point, Hong Kong, not later than 4:30 p.m. on Monday, 21 August 2017.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND AND SPECIAL DIVIDEND

The register of members of the Company will be closed from Thursday, 31 August 2017 to Friday, 1 September 2017, both dates inclusive, during which period no share transfers can be registered. In order to qualify for the proposed final dividend and special dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, General Secretarial Services Limited at 26th Floor, KP Tower, 93 King's Road, North Point, Hong Kong, not later than 4:30 p.m. on Wednesday, 30 August 2017.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

Pursuant to Code A.6.7, independent non-executive directors and non-executive directors, as equal board members, should attend general meetings of the Company. During the year, certain non-executive directors were unable to attend the annual general meeting of the Company held on 26 August 2016 as they had other business engagements.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' DEALING IN SECURITIES

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

AUDIT COMMITTEE

The audit committee, comprising four independent non-executive directors of the Company, and two non-executive directors of the Company, has reviewed the financial reporting process, risk management and internal control system of the Group. The annual results of the Group for the year ended 31 March 2017 have been reviewed by the Audit Committee, prior to their approval by the Board.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is available for viewing on the website of the Stock Exchange of Hong Kong Limited at www.hkexnews.hk and on the website of the Company at www.seapnf.com.hk. The Company's annual report for 2016/2017 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, 16 June 2017

As at the date of this announcement, the board of directors of the Company comprises: (1) Executive directors: Mr. Chua Nai Tuen (Chairman and Managing Director), Mr. Nelson Junior Chua and Mr. Gilson Chua; (2) Non-executive directors: Mr. Chan Man Hon, Eric, Mr. Jimmy Siy Tiong, Mr. Rene Siy Chua, Mr. Samuel Siy Yap, Mr. Tsai Han Yung, and Ms. Vivian Chua; and (3) Independent non-executive directors: Mr. Chan Siu Ting, Mr. James L. Kwok, Mr. Wong Shek Keung, Mr. Tsui Ka Wah and Mr. Tsai Sui Cheung, Andrew.