SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

華 信 地 產 財 務 有 限 公 司

(Incorporated in Hong Kong with limited liability)

Stock Code: 252

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

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 2019 as below:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2019

	Notes	**2019** *HK$*	2018 *HK$*
Revenue	*5*	**517,164,366**	535,833,149
Cost of sales		**(413,258,242)**	(436,620,635)
Gross profit		**103,906,124**	99,212,514
Other revenue and other income		**2,790,939**	5,414,849
Gain arising on change in fair value of investment properties		**7,410,383**	27,515,945
Gain arising on change in fair value of financial assets at fair value through profit or loss		**3,255,028**	2,872,896
Selling and distribution expenses		**(10,195,835)**	(9,926,652)
Administrative expenses		**(58,468,435)**	(54,869,930)
Other operating expenses		**(9,805,513)**	(2,491,863)
Impairment loss recognised in respect of trade and other receivables		**(2,692,974)**	–

	Notes	**2019**	2018
		HK$	*HK$*
Profit from operations	*6*	**36,199,717**	67,727,759
Impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss		**–**	(479,500)
Impairment loss recognised in respect of amount due from an associate		**–**	(309,958)
Gain on disposal of available-for-sale financial assets		**–**	3,540,000
Cumulative gain reclassified from equity to profit or loss upon disposal of available-for-sale financial assets		**–**	7,671,354
Finance costs	*7*	**(11,451,571)**	(6,655,630)
Share of results of associates		**(64,298,022)**	2,222,291
(Loss) profit before tax		**(39,549,876)**	73,716,316
Income tax expense	*8*	**(6,120,216)**	(6,966,066)
(Loss) profit for the year		**(45,670,092)**	66,750,250
(Loss) profit for the year attributable to:			
Owners of the Company		**(46,776,402)**	65,660,616
Non-controlling interests		**1,106,310**	1,089,634
		(45,670,092)	66,750,250
(Loss) earnings per share			
Basic and diluted *(HK cents)*	*10*	**(20.8)**	29.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019	2018
	HK$	*HK$*
(Loss) profit for the year	**(45,670,092)**	66,750,250
Other comprehensive (loss) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(10,687,735)**	15,378,699
Share of exchange reserve of associates	**21,407**	(2,725,989)
Gain arising on fair value change of available-for-sale financial assets	**–**	2,735,964
Reclassification adjustments relating to available-for-sale financial assets impaired of	**–**	479,500
Reclassification adjustments relating to available-for-sale financial assets disposed of	**–**	(7,671,354)
Other comprehensive (loss) income for the year	**(10,666,328)**	8,196,820
Total comprehensive (loss) income for the year	**(56,336,420)**	74,947,070
Total comprehensive (loss) income for the year attributable to:		
Owners of the Company	**(56,862,488)**	73,143,245
Non-controlling interests	**526,068**	1,803,825
	(56,336,420)	74,947,070

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	**2019**	2018
		HK$	*HK$*
Non-current asset			
Investment properties		**1,027,755,824**	904,749,916
Property, plant and equipment		**174,119,977**	188,503,557
Leasehold land and land use right		**14,009,506**	15,429,937
Interests in associates		**18,547,136**	82,368,370
Available-for-sale financial assets		**–**	2,751,000
Intangible assets		**3,702,706**	3,702,706
Deferred tax assets		**1,897,682**	1,173,324
Other assets		**2,700,000**	2,867,857
Deposit paid for acquisition of property		**–**	5,500,000
		1,242,732,831	1,207,046,667
Current assets			
Inventories		**55,564,109**	76,611,756
Stock of property		**130,000,000**	124,197,018
Trade and other receivables	*11*	**156,350,723**	133,798,881
Financial assets at fair value through profit or loss		**8,883,000**	28,177,000
Deposits and prepayments		**12,615,707**	9,939,104
Prepaid tax		**2,090,040**	2,399,480
Restricted cash		**4,100,000**	4,100,000
Trust accounts of shares dealing clients		**78,365,690**	105,805,007
Cash and cash equivalents		**91,012,693**	90,240,509
		538,981,962	575,268,755
Assets classified as assets held for sale		**–**	886,000
		538,981,962	576,154,755

	Notes	2019 HK$	2018 HK$
Current liabilities			
Trade and other payables	*12*	**136,855,146**	184,290,654
Contract liabilities		**2,637,312**	–
Bank loans		**202,229,468**	84,961,172
Amount due to an associate		**1,158,234**	1,449,606
Tax payables		**2,128,083**	1,642,225
		345,008,243	272,343,657
Net current assets		**193,973,719**	303,811,098
Total assets less current liabilities		**1,436,706,550**	1,510,857,765
Non-current liabilities			
Bank loans		**186,747,955**	198,289,386
Amounts due to non-controlling interests		**3,110,000**	3,060,000
Deferred tax liabilities		**10,531,685**	10,092,448
		200,389,640	211,441,834
Net assets		**1,236,316,910**	1,299,415,931
Capital and reserves			
Share capital		**245,062,941**	245,062,941
Reserves		**982,762,230**	1,046,387,319
Equity attributable to owners of the Company		**1,227,825,171**	1,291,450,260
Non-controlling interests		**8,491,739**	7,965,671
Total equity		**1,236,316,910**	1,299,415,931

NOTES

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 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 2019 and 31 March 2018 included in this announcement of annual results for the year ended 31 March 2019 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 2018 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 2019 in due course.

The Company's auditors have reported the consolidated 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 REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (collectively referred to as the "new and revised 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 2018. A summary of the new and revised HKFRSs applied by the Group is set out as follows:

HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and financial positions for the current and prior periods and/or on the disclosures set out in the consolidated financial statements.

Impact on the consolidated financial statements

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the application of new and revised HKFRSs have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Consolidated statement of financial position (extract)	**31 March 2018**	**HKFRS 9**	**HKFRS 15**	**1 April 2018**
	HK$	*HK$*	*HK$*	*HK$*
Non-current assets				
Available-for-sale ("AFS") financial assets	2,751,000	(2,751,000)	–	–
Current assets				
Financial assets at fair value through profit or loss ("FVTPL")	28,177,000	2,751,000	–	30,928,000
Current liabilities				
Trade and other payables	184,290,654	–	(2,280,456)	182,010,198
Contract liabilities	–	–	2,280,456	2,280,456
Net current assets	303,811,098	2,751,000	–	306,562,098

HKFRS 9 *Financial instruments*

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised at 1 April 2018. The difference between carrying amounts at 31 March 2018 and the carrying amounts at 1 April 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments*: *Recognition and Measurement*.

Classification and measurement of financial assets and financial liabilities

The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been affected by HKFRS 9.

	At 31 March 2018 *HK$*	**Impact on initial application of HKFRS 9** *HK$*	**At 1 April 2018** *HK$*
AFS financial assets *(note i)*	2,751,000	(2,751,000)	–
Financial assets at FVTPL *(note ii)*	28,177,000	2,751,000	30,928,000

Notes:

(i) ***AFS financial assets to financial assets at FVTPL***

The listed equity securities with the carrying amount of HK$2,751,000 was reclassified from AFS financial assets to financial assets at FVTPL. It does not meet the HKFRS 9 criteria for classification at amortised cost and at fair value through other comprehensive income ("FVTOCI"), as its cash flows do not represent solely payments of principal and interest.

There was no material impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

(ii) ***Financial assets at FVTPL classified as held for trading investments***

The Group has reassessed its investments in equity securities classified as held for trading investments under HKAS 39 as if the Group had purchased these investments at the date of initial application. Based on the facts and circumstances as at the date of initial application, HK$28,177,000 of the Group's investments were held for trading investments and continued to be measured at FVTPL.

Except disclosed above, all financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost. There is no impact on the Group's accounting for financial liabilities previously carried at amortised costs remained to be measured at amortised costs under HKFRS 9.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics. Based on assessment by the management of the Group, the management of the Group considers the ECL for trade receivables is insignificant at 1 April 2018.

Loss allowances for other financial assets at amortised cost mainly comprise of other receivables, deposits paid, restricted cash, trust accounts of shares dealing clients and bank balances, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

For restricted cash, trust accounts of shares dealing clients and bank balances, the Group only transacts with reputable banks with high credit ratings assigned by international credit-rating agencies and consider the risk of default is regard as low and 12m ECL is insignificant.

For other receivables and deposits paid, the management of the Group makes periodic collective as well as individual assessment on the recoverability of other receivables and deposits paid based on historical settlement records and past experience with available reasonable and supportive forward-looking information. Based on assessment by the management of the Group, the management of the Group considers the ECL for other receivables and deposits paid is insignificant.

HKFRS 15 *Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the sales of goods, brokerage commission and hotel accommodation which arise from contracts with customers.

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previous report at 31 March 2018	**Reclassification**	**Carrying amounts under HKFRS 15 at 1 April 2018**
	HK$	*HK$*	*HK$*
Current liabilities			
Trade and other payables	184,290,654	(2,280,456)	182,010,198
Contract liabilities	–	2,280,456	2,280,456

Note:

At 1 April 2018, advances from customers of HK$2,280,456 in respect of sales of goods and hotel accommodation previously included in trade and other payables were reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position at 31 March 2019 and its consolidated statement of cash flows for the current year for each of the line items affected. There is no impact on the consolidated income statement and consolidated statement of comprehensive income for the current year. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	Carrying amounts as report	**Adjustments**	**Carrying amounts without application of HKFRS 15**
	HK$	*HK$*	*HK$*
Current liabilities			
Trade and other payables	136,855,146	2,637,312	139,492,458
Contract liabilities	2,637,312	(2,637,312)	–

Note:

Contract liabilities of HK$2,637,312 was recognised for the advances received from customers and upon the application of HKFRS 15 which previously was classified as trade and other payables under HKAS 18.

Impact on the consolidated statement of cash flows

	Carrying amounts as report *HK$*	Adjustments *HK$*	Carrying amounts without application of HKFRS 15 *HK$*
Cash flows from operating activities			
Decrease in trade and other payables	(43,430,471)	356,856	(43,073,615)
Increase in contract liabilities	356,856	(356,856)	–

Note:

Increase in contract liabilities of HK$356,856 which represents the increase in advances received from customers would be presented as increase in trade and other payables.

Amendments to HKAS 40 *Transfers of Investment Property*

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of certain properties based on conditions existing at that date. There is no impact to the classification at 1 April 2018.

3. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with HKFRSs 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 Rules") on the Stock Exchange and the Companies Ordinance.

4. SEGMENT INFORMATION

The Group determines operating segments based on internal reports that are regularly reviewed by the chief operating decision maker (the "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. 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	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Revenue	**49,163,843**	47,239,628	**449,884,895**	460,985,630	**18,115,628**	27,607,891	**517,164,366**	535,833,149
Segment results	**(1,567,911)**	11,376,614	**25,657,696**	17,004,456	**4,699,549**	11,830,744	**28,789,334**	40,211,814
Gain arising on change in fair value of investment properties	**7,410,383**	27,515,945	**–**	–	**–**	–	**7,410,383**	27,515,945
Profit from operations	**5,842,472**	38,892,559	**25,657,696**	17,004,456	**4,699,549**	11,830,744	**36,199,717**	67,727,759
Impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss							**–**	(479,500)
Impairment loss recognised in respect of amount due from an associate							**–**	(309,958)
Gain on disposal of available-for-sale financial assets							**–**	3,540,000
Cumulative gain reclassified from equity to profit or loss upon disposal of available-for-sale financial assets							**–**	7,671,354
Unallocated finance costs							**(11,451,571)**	(6,655,630)
Share of results of associates							**(64,298,022)**	2,222,291
(Loss) profit before tax							**(39,549,876)**	73,716,316
Income tax expense							**(6,120,216)**	(6,966,066)
(Loss) profit for the year							**(45,670,092)**	66,750,250

Segment revenue reported above represents revenue generated from external customers.

Segment results represent the profit earned by each segment without allocation of impairment loss recognised in respect of AFS financial assets reclassified from equity to profit or loss, impairment loss recognised in respect of amount due from an associate, gain on disposal of AFS financial assets, cumulative gain reclassified from equity to profit or loss upon disposal of AFS 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	
	2019	2018
	HK$	*HK$*
Hong Kong	**139,195,257**	133,061,861
North America	**18,794,835**	22,383,409
Oceania	**64,053,142**	49,194,699
Europe	**23,653,484**	35,979,780
PRC	**213,385,944**	240,623,334
Other Asian countries	**58,081,704**	54,590,066
	517,164,366	535,833,149

	Non-current assets *(Note)*	
	2019	2018
	HK$	*HK$*
Hong Kong	**1,141,021,919**	1,055,356,413
PRC	**98,096,880**	107,796,820
	1,239,118,799	1,163,153,233

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

5. REVENUE

For the year ended 31 March 2019

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	2019
	HK$
Sale of goods	**449,884,895**
Brokerage commission	**10,319,166**
Hotel accommodation income	**27,607,125**
Revenue from contracts with customers	**487,811,186**
Rental income and rental related income	**21,556,718**
Interest income received from client	**7,663,671**
Dividend income from listed equity securities	**132,791**
Total revenue	**517,164,366**

	2019
	HK$
Timing of revenue recognition	
A point in time	**460,204,061**
Over time	**27,607,125**
Revenue from contracts with customers	**487,811,186**

Transaction allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its revenue such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts as all contract works have an original expected duration of one year or less.

For the year ended 31 March 2018

	2018
	HK$
Sale of goods	460,985,630
Brokerage commission	16,833,470
Hotel accommodation income	25,369,964
Rental income and rental related income	21,869,664
Interest income received from client	9,941,661
Dividend income from listed equity securities	824,600
Dividend income from unlisted equity securities	8,160
Total revenue	535,833,149

6. PROFIT FROM OPERATIONS

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

	2019	2018
	HK$	*HK$*
Amortisation of leasehold land and land use right	**495,897**	493,302
Auditors' remuneration:		
– Audit services	**960,874**	920,074
– Non-audit services	**993,688**	650,000
	1,954,562	1,570,074
Cost of inventories sold	**352,828,608**	372,524,354
Depreciation of property, plant and equipment	**13,691,898**	12,934,349
Direct operating expenses for generating rental income	**2,820,555**	3,128,690
Exchange (gain) loss	**(1,036,554)**	2,459,147
Gain on disposal of financial assets at fair value through profit or loss	**(3,077,406)**	(130,722)
Gain on fair value change of financial assets at fair value through profit or loss	**(177,622)**	(2,742,174)
	(3,255,028)	(2,872,896)
Impairment loss recognised in respect of amount due from an associate	**–**	309,958
Impairment loss recognised in respect of trade and other receivables	**2,692,974**	13,771
Operating lease rental in respect of office premises	**1,320,606**	1,426,428
Write-down of stock of property	**6,270,143**	–
Staff costs (including directors' remuneration):		
– Salaries, wages and allowances	**51,938,551**	51,238,516
– Staff benefits	**391,817**	640,050
– Retirement benefit schemes contributions	**892,591**	895,110
	53,222,959	52,773,676

7. FINANCE COSTS

	2019	2018
	HK$	*HK$*
Interest expenses on:		
Bank loans and overdraft	**10,734,954**	6,177,077
Amounts due to related companies	**–**	18,249
Other borrowings	**76,735**	9,414
Bank charges	**639,882**	450,890
	11,451,571	6,655,630

8. INCOME TAX EXPENSE

The income tax expense is as follow:

	2019	2018
	HK$	*HK$*
Hong Kong Profits Tax		
– Current tax	**5,386,453**	5,307,654
– Under provision in prior years	**42,202**	80,417
	5,428,655	5,388,071
PRC Enterprise Income Tax		
– Current tax	**976,682**	350,636
– Under provision in prior years	**–**	512
	976,682	351,148
Deferred tax (credit) charge	**(285,121)**	1,226,847
Total income tax expense for the year	**6,120,216**	6,966,066

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from current year the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

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.

9. DIVIDENDS

	2019	2018
	HK$	*HK$*
Dividends recognised as distribution during the year		
– Final dividend – HK3 cents (2018: HK4.5 cents) per ordinary share	**6,762,601**	9,783,848
– Special dividend – Nil (2018: HK10 cents) per ordinary share	**–**	21,741,885
– Interim dividend – Nil (2018: HK1.5 cents) per ordinary share	**–**	3,381,301
	6,762,601	34,907,034

Subsequent to the end of the reporting period, a final dividend of HK3 cents per ordinary share, in respect of the year ended 31 March 2019 have been proposed by the directors and are subject to approval by the shareholders at the forthcoming annual general meeting.

10. (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted (loss) earnings per share is based on loss attributable to owners of the Company of HK$46,776,402 (2018: profit attributable to owners of the Company of HK$65,660,616) and on the weighted average number of 225,420,034 (2018: 220,663,166) ordinary shares in issue during the year.

The diluted (loss) earnings per share for the years ended 31 March 2019 and 2018 were the same as basic (loss) earnings per share as there were no potential outstanding shares for both years.

11. TRADE AND OTHER RECEIVABLES

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

	2019	2018
	HK$	*HK$*
Trade receivables from:		
– Clearing house and cash clients	**8,119,284**	10,380,173
– Secured margin clients	**106,845,479**	74,501,012
– Other customers	**38,032,866**	49,209,234
	152,997,629	134,090,419
Less: Allowance for credit losses	**(2,668,197)**	(9,410,948)
	150,329,432	124,679,471
Other receivables	**6,021,291**	9,119,410
	156,350,723	133,798,881

At 31 March 2019 and at 1 April 2018, trade receivables (before allowance for credit losses) from contracts with customers amounted to HK$152,997,629 and HK$134,090,419 respectively.

Trade receivables from other customers 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.

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 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 credit losses:

	2019	2018
	HK$	*HK$*
0-30 days	**29,112,195**	33,819,736
31-60 days	**7,328,050**	8,059,968
Over 60 days	**8,645,395**	8,298,755
	45,085,640	50,178,459

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 ranging from 8.25% to 8.5% for the year ended 31 March 2019 (2018: 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 2019, the total market value of securities pledged as collateral by the customers in respect of the loans to margin clients was HK$362,382,252 (2018: HK$194,660,860). At 31 March 2019, the pledged value of securities of margin clients to bank for banking facilities granted to the Group was HK$3,131,100 (2018: HK$10,044,400). No aging analysis of secured 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 securities margin financing.

12. TRADE AND OTHER PAYABLES

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

	2019	2018
	HK$	*HK$*
Trade payables to:		
– Clearing house and cash clients	**78,439,247**	96,588,959
– Secured margin clients	**14,990,074**	22,115,663
– Other creditors	**17,522,788**	32,756,386
	110,952,109	151,461,008
Other payables	**25,903,037**	32,829,646
	136,855,146	184,290,654

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:

	2019	2018
	HK$	*HK$*
0-30 days	**109,961,382**	150,454,195
31-60 days	**384,448**	398,774
Over 60 days	**606,279**	608,039
	110,952,109	151,461,008

The credit period granted by suppliers is generally within 30 days.

At 31 March 2018, amounts of HK$886,000 included in other payables related to deposits received from Sonliet Investment Company Limited for disposal of two unlisted equity securities classified as AFS financial assets.

Upon application of HKFRS 15 at 1 April 2018, other payables of HK$2,280,456 was reclassified under contract liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

For the year ended 31 March 2019, the Group recorded revenue of HK$517.2 million, a decrease of HK$18.6 million, or 3.5% as compared with HK$535.8 million in the preceding year. The Group incurred a loss for the year attributable to owners of the Company of HK$46.8 million compared to a profit of HK$65.7 million achieved in the last financial year. It was mainly attributable to: (1) the decrease in gain on change in fair value of investment properties of HK$20.1 million; (2) the increase in spin-off expenses for Hotel Group of HK$5.9 million; (3) write-down of stock of property of HK$6.3 million; (4) the increase in finance costs of HK$4.8 million for the purchase of the property in Kwai Chung; and (5) the decrease in share of results of associates of HK$66.5 million, which is mainly from an impairment allowance in respect of a land of an associate in Philippines, after prolonged proceedings and the unexpected outcome on the possession of legal title of the land.

Property Investment, Development and Leasing/Hotel Operation

This segment comprises property investment, development and leasing in Hong Kong and PRC and provision of hotel services in Hong Kong. For year ended 31 March 2019, this segment recorded revenue of HK$49.2 million, an increase of HK$2.0 million, or 4.2% as compared with HK$47.2 million in last year. Including the gain arising on change in fair value of investment properties of HK$7.4 million, a decrease of HK$20.1 million, or 73.1% as compared with HK$27.5 million in the preceding year, the profit from operations was HK$5.8 million, a decrease of HK$33.1 million, or 85.1% as compared with the profit from operations of HK$38.9 million in last year.

(i) Property Investment, Development and Leasing

For the year ended 31 March 2019, 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$21.6 million, which was more or less at the same level as compared with last year. The change of tenant mix and the progressive conversion of Everglory Centre are still in place during the year. The decrease in gain arising on change in fair value of investment properties of HK$20.1 million and write-down of stock of property of HK$6.3 million are mainly due to signs of moderation after buoyant property market in preceding year and depreciation in Renminbi ("RMB") against HK$ during the year.

(ii) Hotel Operation

For the year ended 31 March 2019, hotel accommodation income achieved total revenue of HK$27.6 million, which was HK$2.2 million or 8.7% higher than the preceding year of HK$25.4 million. Benefited from a steady growth of 6.1% in overnight visitor arrivals and an 8.6% increase in overnight visitor arrivals from Mainland China, our hotel was able to achieve an average occupancy rate of 96.5%, 2.4% higher than the preceding year and above industry average of 93%. The average room rate recorded an increase of 6.1% and resulting in a corresponding increase in revenue per available room on a year-to-year basis of 8.8%.

Manufacturing and Distribution of Plastic Packaging Materials

For the year ended 31 March 2019, this segment recorded a revenue of HK$449.9 million, a decrease of HK$11.1 million or 2.4% as compared with HK$461.0 million in the preceding year due to a drop in sales in our trading division. The segment profit was HK$25.7 million, an increase of HK$8.7 million or 51.2% as compared with HK$17.0 million in the preceding year as we enjoyed higher profit margin from the export sales due to the depreciation of the RMB against US$.

Due to the economic threat posed by the US trade war, RMB has weakened by about 7% against the United State dollar ("US$") since the beginning of April. Furthermore, the Central Government announced taxes cut and fees reduction measures swiftly after the Office of the United States Trade Representative (USTR) released a list of approximately US$200 billion worth of Chinese imports that will be subject to additional tariffs of 10% effective starting from September 24, 2018 in July 2018. These measures helped ease our overall financial burden and weather the slowing growth.

Broking and Securities Margin Financing

During the year, as a fragile global outlook and the US-China trade war dampened economic activities, Hong Kong stock market continued to be disturbed by the weak market sentiment. Hang Seng Index dropped to its lowest points of 24,500. However, at the first quarter of 2019, Hang Seng Index advanced greatly by 5,000 points, led by the spur of A-shares in China and lighting up by United States and China are nearing a trade deal.

For the year ended 31 March, 2019, the brokerage commission was decreased by HK$6.5 million or 38.7% to HK$10.3 million, as compared to the preceding year amounted to HK$16.8 million. The interest received from clients was HK$7.7 million, represented a decrease of HK$2.2 million or 22.2% as compared to HK$9.9 million in the preceding year. The segment profit was HK$4.7 million, a decrease of HK$7.1 million or 60.2% as compared to HK$11.8 million in the preceding year. The decrease in segment profit was mainly due to the decline in brokerage commission and interest income from clients which were dragged down by the decrease in overall market turnovers.

Proposed Spin-Off of the Group's Hotel Operation Business

On 14 September 2017, the Stock Exchange confirmed that the Company may proceed with the spinoff (the "Proposed Spin-off") and separate listing (the "Listing") of the Group's hotel business on GEM of the Stock Exchange. On 23 May 2018, the wholly-owned subsidiary of the Company, Hotel Benito Holdings Limited ("HBH") submitted a listing application (the "Application") to the Stock Exchange to apply for the Listing, by way of introduction of, the HBH's shares on GEM of the Stock Exchange. On 18 September 2018, HBH received a letter from the Stock Exchange, which stated that the GEM Listing Approval Group of the Listing Department of the Stock Exchange (the "Approval Group") held a meeting on 12 September 2018 and resolved to reject the Application. On 6 November 2018, HBH applied to the Stock Exchange for review of the decision of the Approval Group made on 12 September 2018 in relation to the Application. On 6 December 2018, the Stock Exchange informed the Company that GEM Listing Committee upholds the decision of Approval Group and the Company decided not to proceed with the Proposed Spin-off.

Whilst the Proposed Spin-off will not proceed as originally scheduled, the Company will continue to monitor market conditions to assess the appropriate opportunities for the spin-off in the future, when market conditions improve, to create value for the Shareholders.

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

Due to unforeseen circumstances, the construction into office building of our bare site of No. 111 King's Road, North Point, Hong Kong is delayed and is now estimated to be completed by next financial year. Phase 2 renovation of the Everglory centre is expected to be completed in the second quarter of 2019. Due to the synergy effect with Phase 1 renovation, continual increase in the occupancy rate of our dedicated desks and serviced offices is expected in the coming financial year. The Group has completed the acquisition of the property in Kwai Chung during the year and this acquisition has enriched the property portfolio of the Group for future development.

The escalating tension between China and the United States has created uncertainties on the global economy. Investor sentiment in Hong Kong property market appears to have deteriorated. The Group will monitor the market closely and consider different opportunities and strategies in order to make use of our property portfolio to generate favorable return.

Hotel Operation

Looking forward, the year 2019–20 will be a challenging year. The escalating tension between China and the United States on the trade disputes, the unclear situation of the Brexit, the increasing geopolitical tensions in different regions, the slowdown of global economy growth and the additional competitive room supply will still pose threats to the hotel and tourism industry. However, we remain cautiously optimistic. We are confident in the continued growth of tourism industry. The Express Rail Link and Hong Kong – Zhuhai – Macau Bridge continue to attract the overseas and in particular the visitors to Hong Kong. The Belt-and-Road Initiative, Guangzhou – Hong Kong – Macao Bay Area (Greater Bay Area) will further strengthen Hong Kong's position and ability to maintain as a preferred tourism destination for both business and leisure travelers.

To manage the challenging year, we will continue to focus on offering competitive rates and promotions to targeted markets through online reservation systems, carefully control costs and expenses, provide high standard of service to customers and work hard to maintain staff continuity.

Manufacturing and Distribution of Plastic Packaging Materials

The U.S. Trade representative increased the rate of additional duty from 10 percent to 25 percent for Chinese products exported to the United States on or after May 10, 2019, which would inevitably have a negative impact on our export sales to the US.

In addition, the European Parliament passed a bill stipulating that the EU Member States will ban the use of "single-use plastic products" such as straws, tableware and bags from 2021 and replace them with reusable, recyclable and sustainable alternatives. The EU also encourages Member States to gradually reduce the use of plastic packaging and adopt stricter labeling rules.

With the trade war rumbling on and the widespread support for ban on single-use plastic products continues to gain momentum, we will focus on both Greater China and non-US export markets and promote recyclable and sustainable alternatives to offset the trade tension between China and the US and fulfil the global pursuit of green lifestyle.

Broking and Securities Margin Financing

Looking ahead, subsequent to rapid rise in the stock market, investors begin to look back to the fundamental issue of profit earning of enterprises. It also believed that the uncertainties over trade talks might impact the market in short term. In addition, the economic data announced by China are inconsistently with the fears that China might slip into economic downturn. All of these will hinder the market optimistic momentum.

As usual, it is our strategy to continue to recruit more account executives in order to enlarge our clients' base. Our business may perform steadily if good investment situation can sustain in worldwide equity market.

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 2019, cash and cash equivalents were HK$91.0 million (2018: HK$90.2 million) and trade and other receivables were HK$156.4 million (2018: HK$133.8 million). Trade and other payables were HK$136.9 million (2018: HK$184.3 million). The Group's cash position remains strong with a slight increase in cash and cash equivalents of HK$0.8 million this year. The increase in trade and other receivable was mainly attributable to the increase in secured margin clients.

As at 31 March 2019, the Group's bank loans increased from HK$283.3 million as at 31 March 2018 to HK$389.0 million, in which the short term borrowings amounted to HK$202.2 million (2018: HK$85.0 million) and long term borrowings amounted to HK$186.7 million (2018: HK$198.3 million). The Group's current year net debt to equity ratio was 23.9% (2018: 14.6%), calculated on the basis of the Group's total debts less restricted cash and cash and cash equivalents divided by total equity attributable to owners of the Company. The increase in the net debt to equity ratio resulted mainly from increase in bank borrowings used for acquisition of the property in Kwai Chung during the current year.

Capital Structure

As at 31 March 2019, the total equity attributable to owners of the Company amounted to HK$1,227.8 million (2018: HK$1,291.5 million). The Group's consolidated net assets per share as at the reporting date was HK$5.48 (2018: HK$5.76).

Foreign Exchange Exposure

The Group operates in Hong Kong and the PRC and majority of transactions are denominated in HK$, US$ and 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 2019 and 2018, there was no other material acquisitions or disposals of subsidiaries or associated companies.

Employees and Remuneration Policies

The Group had 380 employees as at 31 March 2019 (2018: 399 employees). Employees were remunerated according to nature of the job and market trend.

DIVIDENDS

The Board has recommended the payment of a final dividend of HK3 cents per ordinary share (2018: HK3 cents per ordinary share) in respect of the year ended 31 March 2019 to all shareholders of the Company whose name appear on the register of members of the Company on 6 September 2019. Subject to the approval of shareholders at the forthcoming annual general meeting, the payment of the final dividend will be made on or about 4 October 2019.

ANNUAL GENERAL MEETING

The Annual General Meeting (the "AGM") will be convened to be held on Friday, 30 August 2019. 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 2018/19 Annual Report, in due course.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Tuesday, 27 August 2019 to Friday, 30 August 2019, 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, 26 August 2019.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed from Thursday, 5 September 2019 to Friday, 6 September 2019, both dates inclusive, during which period no share transfers can be registered. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, General Secretarial Services Limited at 26th Floor, KP Tower, 93 King's Road, North Point, Hong Kong, not later than 4:30 p.m. on Wednesday, 4 September 2019.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

Pursuant to Code Provision A.2.7, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. During the year ended 31 March 2019, a formal meeting could not be arranged between the chairman and the independent non-executive directors without the presence of other directors due to the tight schedules of the chairman and the independent non-executive directors. Although such meeting was not held during the year, the chairman has delegated the company secretary of the Company to gather any concerns and/or questions that the independent non-executive directors might have and report to him for setting up follow-up meetings, whenever necessary.

Pursuant to Code A.6.7, independent non-executive directors and non-executive directors, as equal board members, should attend general meetings of the Company. During the year, certain independent non-executive director and non-executive directors were unable to attend the annual general meeting of the Company held on 31 August 2018 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 2019 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 2018/2019 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, 21 June 2019

As at the date of this announcement, the Board comprises: (a) Executive Directors: Mr. Chua Nai Tuen, Mr. Nelson Junior Chua and Mr. Gilson Chua; (b) Non-executive Directors: Mr. Chan Man Hon, Eric, Mr. Jimmy Siy Tiong, Mr. Tsai Han Yung, and Ms. Vivian Chua; and (c) Independent Non-executive Directors: Mr. Chan Siu Ting, Mr. James L. Kwok, Mr. Wong Shek Keung and Mr. Tsui Ka Wah.