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 2020

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 2020 as below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** *HK$*	2019 *HK$*
Revenue	*5*	**324,949,954**	517,164,366
Cost of sales		**(233,016,142)**	(413,258,242)
Gross profit		**91,933,812**	103,906,124
Other revenue and other income		**2,945,347**	2,790,939
(Loss)/Gain arising from change in fair value of investment properties		**(185,677,089)**	7,410,383
(Loss)/Gain arising from change in fair value of financial assets at fair value through profit or loss		**(1,608,708)**	3,255,028
Selling and distribution expenses		**(6,463,051)**	(10,195,835)
Administrative expenses		**(62,608,978)**	(58,468,435)
Impairment loss recognised in respect of trade and other receivables		**(930,253)**	(2,692,974)
Other operating expenses		**(303,719)**	(9,805,513)
Finance costs	*6*	**(12,530,188)**	(11,451,571)
Share of results of associates		**(300,953)**	(64,298,022)
Impairment loss recognised in respect of amount due from an associate		**(3,371,462)**	–
Loss before income tax		**(178,915,242)**	(39,549,876)
Income tax expense	*7*	**(6,521,414)**	(6,120,216)
Loss for the year	*8*	**(185,436,656)**	(45,670,092)
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(185,675,835)**	(46,776,402)
Non-controlling interests		**239,179**	1,106,310
		(185,436,656)	(45,670,092)
Loss per share			
Basic and diluted (HK cents)	*10*	**(82.4)**	(20.8)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 March 2020

	2020	2019
	HK$	*HK$*
Loss for the year	**(185,436,656)**	(45,670,092)
Other comprehensive (expense)/income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(6,844,846)**	(10,687,735)
Share of exchange reserve of associates	**–**	21,407
Other comprehensive expense for the year	**(6,844,846)**	(10,666,328)
Total comprehensive expense for the year	**(192,281,502)**	(56,336,420)
Total comprehensive (expense)/income attributable to:		
Owners of the Company	**(192,076,745)**	(56,862,488)
Non-controlling interests	**(204,757)**	526,068
	(192,281,502)	(56,336,420)

Note: The Group has initially applied HKFRS 16 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK$	2019 HK$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**160,494,596**	174,119,977
Leasehold land and land use right		**–**	14,009,506
Right-of-use assets		**13,815,227**	–
Investment properties		**849,677,831**	1,027,755,824
Interests in associates		**18,521,547**	18,547,136
Intangible assets		**3,702,706**	3,702,706
Other assets		**2,700,000**	2,700,000
Deposits and prepayments		**15,000,000**	–
Deferred tax assets		**2,484,084**	1,897,682
		1,066,395,991	1,242,732,831
Current assets			
Stock of property		**124,000,000**	130,000,000
Inventories		**42,939,701**	55,564,109
Trade and other receivables	*11*	**101,149,271**	155,104,356
Deposits and prepayments		**6,725,349**	13,862,074
Prepaid tax		**538,032**	2,090,040
Restricted cash		**4,100,000**	4,100,000
Financial assets at fair value through profit or loss ("FVTPL")		**6,066,000**	8,883,000
Trust accounts of shares dealing clients		**75,827,361**	78,365,690
Cash and cash equivalents		**103,372,537**	91,012,693
		464,718,251	538,981,962

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2020

	Notes	2020 HK$	2019 HK$
Current liabilities			
Trade and other payables	*12*	**112,579,758**	136,736,440
Contract liabilities		**1,865,167**	2,756,018
Bank loans		**180,873,809**	202,229,468
Amount due to an associate		**1,018,497**	1,158,234
Lease liabilities		**998,220**	–
Tax payables		**4,030,861**	2,128,083
		301,366,312	345,008,243
Net current assets		**163,351,939**	193,973,719
Total assets less current liabilities		**1,229,747,930**	1,436,706,550
Non-current liabilities			
Bank loans		**178,220,657**	186,747,955
Amount due to a non-controlling interest		**3,110,000**	3,110,000
Deferred tax liabilities		**11,144,466**	10,531,685
		192,475,123	200,389,640
Net assets		**1,037,272,807**	1,236,316,910
EQUITY			
Share capital		**245,062,941**	245,062,941
Reserves		**783,922,884**	982,762,230
Equity attributable to equity holders of the Company		**1,028,985,825**	1,227,825,171
Non-controlling interests		**8,286,982**	8,491,739
Total equity		**1,037,272,807**	1,236,316,910

Note: The Group has initially applied HKFRS 16 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated.

NOTES

1. GENERAL INFORMATION

The Company is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office is Units 407- 410, 4th Floor, Tower 2, Silvercord, No. 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong and, its principal place of business is Hong Kong and the People's Republic of China (the “PRC”). The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Group include investment holding, property investment, development and leasing, hotel 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 2020 and 31 March 2019 included in this announcement of annual results for the year ended 31 March 2020 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 2019 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 2020 in due course.

The Company’s auditors have reported the consolidated financial statements of the Group. 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. ADOPTION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2019

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2019:

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

Other than as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKFRS 16 "Leases"

HKFRS 16 "Leases" replaces HKAS 17 "Leases" along with three Interpretations, HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease", HK(SIC) Int-15 "Operating Leases-Incentives" and HK(SIC) Int-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognised in equity as an adjustment to the opening balance of retained profits for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from HKAS 17 and HK(IFRIC)-Int 4 and has not applied HKFRS 16 to arrangements that were previously not identified as lease under HKAS 17 and HK(IFRIC)-Int 4.

As a Lessee

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of HKFRS 16, being 1 April 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. The Group has already recognised the prepaid lease payments for leasehold land where the Group is a lessee.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of HKFRS 16.

The incremental borrowing rate applied to lease liabilities recognised under HKFRS 16 was 3.42%.

The following is a reconciliation of total operating lease commitments at 31 March 2019 to the lease liabilities recognised at 1 April 2019:

	HK$
Total operating lease commitments disclosed at 31 March 2019	2,362,500
Discounting using incremental borrowing rate as at 1 April 2019	(67,031)
Total lease liabilities recognised under HKFRS 16 at 1 April 2019	2,295,469
Classified as:	
Current lease liabilities	1,297,249
Non-current lease liabilities	998,220
	2,295,469

As a Lessor

Upon initial application of HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16. Comparative information is not restated.

At transition, the discounting effect of refundable rental deposits received are not adjusted as the management considers the impact is not material.

Total impact arising from transition to HKFRS 16

The following table summarises the impact of transition to HKFRS 16 on the Group's consolidated statement of financial position as at 1 April 2019:

	Carrying amount as at 31 March 2019 *HK$*	**Remeasurement** *HK$*	**Reclassification** *HK$*	**HKFRS 16 carrying amount as at 1 April 2019** *HK$*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:				
Right-of-use assets	–	2,295,469	14,009,506	16,304,975
Leasehold land and land use rights	14,009,506	–	(14,009,506)	–
Non-current assets	**1,242,732,831**	**2,295,469**	**–**	**1,245,028,300**
Current asset	**538,981,962**	**–**	**–**	**538,981,962**
Lease liabilities (current portion)	–	1,297,249	–	1,297,249
Current liabilities	**345,008,243**	**1,297,249**	**–**	**346,305,492**
Lease liabilities (non-current portion)	–	998,220	–	998,220
Non-current liabilities	**200,389,640**	**998,220**	**–**	**201,387,860**
Total equity	**1,236,316,910**	**–**	**–**	**1,236,316,910**

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 (i) property investment, development and leasing/hotel operations, (ii) manufacturing and distribution of plastic packaging materials and (iii) broking and securities margin financing.

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

Property investment, development and leasing/hotel operations	Provision of hotel services in Hong Kong and investing, developing and leasing properties in Hong Kong and the PRC
Manufacturing and distribution of plastic packaging materials	Manufacturing and distribution of plastic packaging materials
Broking and securities margin financing	Provision of stock and futures broking and provision of securities margin financing

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	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Segment revenue	**36,310,235**	49,163,843	**273,029,244**	449,884,895	**15,610,475**	18,115,628	**324,949,954**	517,164,366
Segment results	**(452,541)**	(1,567,911)	**23,715,441**	25,657,696	**(298,450)**	4,699,549	**22,964,450**	28,789,334
(Loss)/Gain arising from change in fair value of investment properties	**(185,677,089)**	7,410,383	**–**	–	**–**	–	**(185,677,089)**	7,410,383
(Loss)/Profit from operations	**(186,129,630)**	5,842,472	**23,715,441**	25,657,696	**(298,450)**	4,699,549	**(162,712,639)**	36,199,717
Impairment loss recognised in respect of amount due from an associate							**(3,371,462)**	–
Unallocated finance costs							**(12,530,188)**	(11,451,571)
Share of results of associates							**(300,953)**	(64,298,022)
Loss before tax							**(178,915,242)**	(39,549,876)
Income tax expense							**(6,521,414)**	(6,120,216)
Loss for the year							**(185,436,656)**	(45,670,092)

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 amount due from an associate, 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.

There is no inter-segment sales during the years of 2020 and 2019.

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 customers	
	2020	2019
	HK$	*HK$*
Hong Kong	**103,083,431**	139,195,257
PRC	**91,164,500**	213,385,944
Japan	**55,867,359**	57,929,754
Oceania	**44,418,052**	64,053,142
Europe	**16,246,862**	23,653,484
North America	**14,169,750**	18,794,835
Other Asian countries	**–**	151,950
	324,949,954	517,164,366

	Non-current assets *(Note)*	
	2020	2019
	HK$	*HK$*
Hong Kong	**959,056,272**	1,141,021,919
PRC	**88,685,548**	98,096,880
	1,047,741,820	1,239,118,799

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

5. REVENUE

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

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

	2020	2019
	HK$	*HK$*
Revenue from contracts with customers		
Sales of goods	**273,029,244**	449,884,895
Brokerage commission	**8,318,511**	10,319,166
Hotel accommodation income	**12,591,434**	27,607,125
	293,939,189	487,811,186
Revenue from other sources		
Rental income and rental related income	**23,718,801**	21,556,718
Interest income received from clients	**6,907,091**	7,663,671
Dividend income from listed equity securities	**384,873**	132,791
	31,010,765	29,353,180
Total revenue	**324,949,954**	517,164,366

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

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

	2020	2019
	HK$	*HK$*
Timing of revenue recognition		
At a point in time	**281,347,755**	460,204,061
Over time	**12,591,434**	27,607,125
Revenue from contracts with customers	**293,939,189**	487,811,186

6. FINANCE COSTS

	2020	2019
	HK$	*HK$*
Interest expenses on:		
Bank loans	**12,022,756**	10,734,954
Other borrowings	**71,328**	76,735
Finance charges on lease liabilities	**52,751**	–
Bank charges	**383,353**	639,882
	12,530,188	11,451,571

7. INCOME TAX EXPENSE

	2020	2019
	HK$	*HK$*
Hong Kong Profits Tax		
– Current tax	**5,397,130**	5,386,453
– (Over)/Under provision in prior years	**(333,180)**	42,202
	5,063,950	5,428,655
PRC Enterprise Income Tax ("EIT")		
– Current tax	**802,877**	976,682
– Under provision in prior years	**628,208**	–
	1,431,085	976,682
Deferred tax charge/(credit)	**26,379**	(285,121)
Total income tax expense for the year	**6,521,414**	6,120,216

The provision for Hong Kong Profits Tax for 2020 is calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying entities are taxed at 8.25%, and the profits above HK$2 million are taxed at 16.5%.

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

8. LOSS FOR THE YEAR

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

	2020	2019
	HK$	*HK$*
Cost of inventories sold	**182,393,315**	352,828,608
Direct operating expenses for generating rental income	**3,005,971**	2,820,555
Auditors' remuneration:		
– Audit services	**809,260**	960,874
– Non-audit services	**–**	993,688
	809,260	1,954,562
Depreciation and amortisation:		
– Property, plant and equipment	**12,835,583**	13,691,898
– Leasehold land and land use right	**–**	495,897
– Right-of-use assets	**1,788,212**	–
	14,623,795	14,187,795
Operating lease rental in respect of office premises	**–**	1,320,606

	2020	2019
	HK$	*HK$*
Loss/(Gain) on disposal of financial assets at FVTPL	**333,708**	(3,077,406)
Loss/(Gain) on change in fair value of financial assets at FVTPL	**1,275,000**	(177,622)
	1,608,708	(3,255,028)
Impairment loss on:		
– Amount due from an associate	**3,371,462**	–
– Trade and other receivables	**930,253**	2,692,974
	4,301,715	2,692,974
Reversal of expected credit loss ("ECL") on trade and other receivables	**(143,030)**	–
Gain on disposal of property, plant and equipment	**–**	(95,065)
Write-off of property, plant and equipment	**9,668**	–
Write-down of stock of property	**5,652,000**	6,270,143
Exchange loss/(gain)	**155,778**	(1,036,554)
Staff costs (including directors' emoluments):		
– Salaries, wages and allowances	**51,364,793**	49,408,341
– Staff benefits	**1,701,356**	1,425,763
– Retirement benefit schemes contributions	**2,055,361**	2,388,855
Total staff costs	**55,121,510**	53,222,959

9. DIVIDENDS

(a) Dividends attributable to the year:

	2020	2019
	HK$	*HK$*
Proposed final dividend of HK3 cents per ordinary share (2019: HK3 cents)	**6,762,601**	6,762,601

The final dividend proposed after the end of the reporting period is subject to approval of the shareholders at the forthcoming annual general meeting of the Company and has not been recognised as a liability at the end of the reporting period.

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

	2020	2019
	HK$	*HK$*
2019 final dividend of HK3 cents (2018: HK3 cents) per ordinary share	**6,762,601**	6,762,601

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted loss per share is based on loss attributable to owners of the Company of HK$185,675,835 (2019: HK$46,776,402) and on the weighted average number of 225,420,034 (2019: 225,420,034) ordinary shares in issue during the year.

The diluted loss per share for the years ended 31 March 2020 and 2019 were the same as basic loss 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.

	2020	2019
	HK$	*HK$*
Trade receivables arising from broking and securities margin financing:		
– Clearing house and cash clients	**11,298,783**	8,119,284
– Secured margin clients	**64,728,288**	106,845,479
Less: ECL allowance	**(2,164,058)**	(1,616,933)
	73,863,013	113,347,830
Trade receivables from sales of goods and leasing/hotel operations	**26,532,329**	38,032,866
Less: ECL allowance	**(922,144)**	(1,051,264)
	25,610,185	36,981,602
Other receivables	**1,676,073**	4,799,701
Less: ECL allowance	**–**	(24,777)
	1,676,073	4,774,924
	101,149,271	155,104,356

The directors of the Group consider that the fair values of trade and other receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The Group allows a credit period up to the respective settlement dates for securities transactions (normally two business days after the respective trade date for cash clients). Each secured margin client has a credit limit.

At 31 March 2020, trade receivables from cash clients and secured margin clients with the amounts of HK$Nil (2019: HK$1,909,350), HK$Nil (2019: HK$2,894,615) and HK$4,902,505 (2019: HK$5,555,906) were due from Mr. Chua Nai Tuen, a director of the Group, J & N International Limited, a company controlled by Mr. Chua Nai Tuen, and key management personnel respectively.

Trade receivables of manufacturing and distribution of plastic packaging materials fall into the general credit term ranged from 0–90 days except for a credit period mutually agreed between the Group and the customers.

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

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

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

Aging analysis

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

	2020	2019
	HK$	*HK$*
0–30 days	**12,243,136**	20,183,740
31–60 days	**5,275,563**	9,293,771
61–90 days	**3,295,628**	4,385,951
91–120 days	**2,811,533**	776,420
121–365 days	**1,960,080**	2,055,398
Over 365 days	**24,245**	286,322
	25,610,185	36,981,602

Margin loans due from margin clients are repayable on demand. Margin loans are required to be secured by clients' listed securities held by the Group as collateral and bear interest at 8.5% for the year ended 31 March 2020 (2019: 8.25% to 8.5%). The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. At 31 March 2020, the total market value of securities pledged as collateral by the customers in respect of the loans to margin clients was HK$134,455,117 (2019: HK$362,382,252). At 31 March 2020, the pledged value of securities of margin clients to bank for banking facilities granted to the Group was HK$Nil (2019: HK$3,131,100).

No aging analysis of cash clients receivable and loans to margin clients is disclosed as in the opinion of the directors, the aging analysis does not give additional value in view of the nature of business of 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.

	2020	2019
	HK$	*HK$*
Trade payables to:		
– Clearing house and cash clients	**76,581,417**	78,439,247
– Secured margin clients	**6,480,378**	14,990,074
– Other creditors	**5,767,433**	17,522,788
Total trade payables	**88,829,228**	110,952,109
Accrued expenses	**16,996,773**	19,534,118
Rental deposits received	**5,636,323**	5,247,779
Advanced payment received from tenants	**1,117,434**	1,002,434
	112,579,758	136,736,440

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

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

	2020	2019
	HK$	*HK$*
0–30 days	**3,193,297**	12,730,458
31–60 days	**848,052**	1,614,737
61–90 days	**754,505**	1,466,801
91–120 days	**171,754**	652,174
121–365 days	**251,322**	634,681
Over 365 days	**548,503**	423,937
	5,767,433	17,522,788

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

All amounts are short term and hence the carrying values of the Group's trade and other payables are considered to be a reasonable approximation of fair value.

13. EVENTS AFTER THE REPORTING DATE

The outbreak of Coronavirus ("COVID-19") in early 2020 led to a significant drop in overall overnight tourist arrivals in our hotel's major markets, the mainland Chinese and short haul markets. The Group has suspended the hotel operation business in Hong Kong from 1 June 2020 for alteration and addition works.

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

The Group will monitor the developments of COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

For the year ended 31 March 2020, the Group recorded revenue of HK$324.9 million, representing a decrease of HK$192.2 million, or 37.2% as compared with HK$517.2 million in the preceding year. The loss attributable to owners of the Company increased by approximately 3 times, or 138.9 million, from HK$46.8 million for the year ended 31 March 2019 to HK$185.7 million for the year ended 31 March 2020. The increase in loss was mainly due to (1) the deterioration of segment results amounting to HK$5.8 million during the year; (2) the loss on change in fair value of investment properties of HK$185.7 million as compared with a gain of HK$7.4 in the preceding year and; net off by (3) the decrease in loss in respect of associates of HK$60.6 million.

Property Investment, Development and Leasing/Hotel Operation

This segment comprises property investment, development and leasing in Hong Kong and PRC and operating a hotel in Hong Kong. For year ended 31 March 2020, this segment recorded revenue of HK$36.3 million, a decrease of HK$12.9 million, or 26.1% as compared with HK$49.2 million in last year. Excluding the change in fair value of investment properties as mentioned above, the loss from operations was HK$0.5 million, representing an improvement of HK$1.1 million, or 71.1% as compared with the loss from operations of HK$1.6 million in last year.

(i) Property Investment, Development and Leasing

For the year ended 31 March 2020, 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$23.7 million, representing an increase of HK$2.2 million, or 10.0% as compared with HK$21.6 million in the preceding year. It was mainly attributable to the change of tenant mix and the completion of Phase 2 renovation in Everglory Centre during the year. The political issues in Hong Kong, together with the outbreak of COVID-19 adversely impacted the commercial property market in Hong Kong, the Group recorded a loss on change in fair value of investment properties of HK$185.7 million as compared with a gain of HK$7.4 million in the preceding year.

(ii) Hotel Operation

For the year ended 31 March 2020, hotel accommodation income recorded HK$12.6 million, which was HK$15.0 million, or 54.4% lower than the preceding year of HK$27.6 million. The occupancy rate was at 77.9% and the average room rate was at HK$598.0 during the current year. They were down by 18.6% and 43.6% as compared with last year of 96.5% and HK$1,060.1 respectively. The drastic decline in performance was mainly due to the negative impact of the mass protests and social unrests that took place since June 2019 and the outbreak of COVID-19 in early January 2020. These factors had led to a significant drop of 44.8% in overall overnight tourist arrivals in our major markets, the mainland Chinese and short haul markets.

Manufacturing and Distribution of Plastic Packaging Materials

For the year ended 31 March 2020, this segment recorded a revenue of HK$273.0 million, a decrease of HK$176.9 million, or 39.3% as compared with HK$449.9 million in the preceding year due to a drop in sales in both trading and manufacturing divisions. The segment profit was HK$23.7 million, a decrease of HK$1.9 million or 7.6% as compared to HK$25.7 million in the preceding year. It was mainly attributable to the keen competition to the market together with worsening global economic environment.

The U.S. Trade Representative increased the rate of additional tariff from 10% to 25% for Chinese products exported to the United States on or after 10 May 2019 forced us to proceed with our contingency plan of moving the production of products export to the US out of China and into Southeast Asia.

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. However, it is still unclear how each Member States within EU decide on what is deemed acceptable and how to gradually reduce the use of plastic packaging and adopt stricter labeling rules.

Broking and Securities Margin Financing

Subsequent to the disturbance by the trade talk and social conflicts in 2019, Hong Kong economy was further hit hard by the outbreak of COVID-19. Most of the countries implemented measures such as tighten up their border control, social gathering, home separation, etc which drove global business activities to a standstill. Worldwide stock markets serious fell by almost 30% in March 2020. Hang Seng Index also dropped by nearly 9,000 points to 21,140 points. Investors hesitated and observed the progress of the epidemic.

According to the instructions of the Securities & Futures Commission, we have set up a contingency plan to smoothen the operation under the threat of infection of COVID-19, for the sake of safety, we have deployed a number of team members to work at different location such that we can continue to provide services to our clients in case of emergency situation.

The unstable market sentiment would inevitably have a negative impact on our performance, both in turnovers and margin financing. For the year ended 31 March 2020, the brokerage commission was HK$8.3 million, a decline of HK$2.0 million or 19.4% as compared with HK$10.3 million in the preceding year. The interest received from clients was HK$6.9 million, represented a decrease of HK$0.8 million or 9.9% as compared with HK$7.7 million in the preceding year. The segment loss amounted to HK$0.3 million, as compared to profit of HK$4.7 million in the preceding year. The financial performance was dragged down seriously which was mainly attributed to the loss arising from change in financial assets at FVTPL amounted to HK$1.6 million while there was a gain of HK$3.3 million in the preceding year.

Strategies and Prospects

Looking ahead, as the unstable and the volatility of global environment and the COVID-19 pandemic persist, 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

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

Hotel Operation

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

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

Manufacturing and Distribution of Plastic Packaging Materials

As the COVID-19 pandemic forces countries around the world to close borders and close cities, it is unclear yet when and how quickly the global economy returns to normality. Furthermore, widespread support for ban on single-use plastic products continues to gain momentum, China plans to reduce plastic pollution by 30% in stages within five years. The first stage will ban and restrict the use of non-degradable plastic bags in major cities by the end of 2020. Facing the current challenges, we will continue to modernise our manufacturing facilities to enhance competitiveness and focus on promoting recyclable and sustainable alternatives to fulfill the global pursuit of greener lifestyle.

Broking and Securities Margin Financing

Looking ahead, with the impact of COVID-19 pandemic, global economy is sliding into recession. Various countries have pledged measures like liquidity injection and interest rate cuts to mitigate the situation and stimulate economic growth. It would take time for industries to recover unless remarkable progress is obtained in combating the epidemic.

In this severe moment, we will continue to strive for better quality of services to maintain our clientele and market share. Due to the uncertainties of the market, we will adopt cautiously measures in our margin financing and adjust our business strategies from time to time.

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 2020, cash and cash equivalents were HK$103.4 million (2019: HK$91.0 million) and trade and other receivables were HK$101.1 million (2019: HK$155.1 million). Trade and other payables were HK$112.6 million (2019: HK$136.7 million). The Group's cash position remains strong with an increase in cash and cash equivalents of HK$12.4 million this year.

As at 31 March 2020, the Group's bank loans decreased from HK$389.0 million as at 31 March 2019 to HK$359.1 million, in which the short term borrowings amounted to HK$180.9 million (2019: HK$202.2 million) and long term borrowings amounted to HK$178.2 million (2019: HK$186.7 million). The Group's current year net debt to equity ratio was 24.6% (2019: 23.9%), calculated on the basis of the Group's total debts less restricted cash and cash and cash equivalents divided by total equity attributable to owners of the Company. The increase in the net debt to equity ratio resulted mainly from higher proportionate decrease in total equity attributable to owners of the company as compared to the decrease in net debt.

Capital Structure

As at 31 March 2020, the total equity attributable to owners of the Company amounted to HK$1,029.0 million (2019: HK$1,227.8 million). The Group's consolidated net assets per share as at the reporting date was HK$4.6 (2019: HK$5.5).

Foreign Exchange Exposure

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

Material Acquisitions and Disposals

During the year ended 31 March 2020 and 2019, there was no material acquisitions or disposals of subsidiaries or associated companies.

Employees and Remuneration Policies

The Group had 333 employees as at 31 March 2020 (2019: 380 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 (2019: HK3 cents per ordinary share) in respect of the year ended 31 March 2020 to all Shareholders of the Company whose name appear on the register of members of the Company on 4 September 2020. Subject to the approval of shareholders at the forthcoming annual general meeting (the "AGM"), the payment of the final dividend will be made on or about 8 October 2020.

ANNUAL GENERAL MEETING

The AGM will be convened to be held on Friday, 28 August 2020. The Notice of AGM will be published on the websites of the Company and the Stock Exchange and sent to the shareholders of the Company, together with the Company's 2019/20 Annual Report, in due course.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Tuesday, 25 August 2020 to Friday, 28 August 2020, 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, 24 August 2020.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed from Thursday, 3 September 2020 to Friday, 4 September 2020, 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, 2 September 2020.

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 2020, 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, a non-executive director was unable to attend the annual general meeting of the Company held on 30 August 2019 as he had other business engagements.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' DEALING IN SECURITIES

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

AUDIT COMMITTEE

The audit committee, 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 2020 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 at www.hkexnews.hk and on the website of the Company at www.seapnf.com.hk. The Company's annual report for 2019/2020 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, 26 June 2020

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