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SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

華信地產財務有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 252)

**ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2021**

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 2021 as below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Revenue	5	260,322,083	324,949,954
Cost of sales		<u>(174,373,962)</u>	<u>(233,016,142)</u>
Gross profit		85,948,121	91,933,812
Other revenue and other income		6,398,854	2,802,317
Loss arising from change in fair value of investment properties		(47,586,253)	(185,677,089)
Gain/(Loss) arising from financial assets at fair value through profit or loss (“FVTPL”)		1,034,431	(1,608,708)
Selling and distribution expenses		(5,965,132)	(6,463,051)
Administrative expenses		(65,917,600)	(62,608,978)
Reversal of/(Provision for) expected credit loss (“ECL”) allowance of trade and other receivables		2,581,571	(787,223)
Other operating expenses		(105,198)	(303,719)
Finance costs	6	(7,292,699)	(12,530,188)
Share of results of associates		(3,397,622)	(300,953)
Impairment loss recognised in respect of amount due from an associate		(1,782,976)	(3,371,462)
Gain on disposal of subsidiaries	13	<u>53,407,082</u>	–
Profit/(Loss) before income tax		17,322,579	(178,915,242)
Income tax expense	7	<u>(8,779,924)</u>	<u>(6,521,414)</u>
Profit/(Loss) for the year	8	<u>8,542,655</u>	<u>(185,436,656)</u>
Profit/(Loss) for the year attributable to:			
Owners of the Company		6,266,111	(185,675,835)
Non-controlling interests		<u>2,276,544</u>	<u>239,179</u>
		<u>8,542,655</u>	<u>(185,436,656)</u>
Earnings/(Loss) per share attributable to owners of the Company			
Basic and diluted (HK cents)	10	<u>2.8</u>	<u>(82.4)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	2021 HK\$	2020 HK\$
Profit/(Loss) for the year	8	8,542,655	(185,436,656)
Other comprehensive income/(expense): <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>10,156,904</u>	<u>(6,844,846)</u>
Other comprehensive income/(expense) for the year		<u>10,156,904</u>	<u>(6,844,846)</u>
Total comprehensive income/(expense) for the year		<u>18,699,559</u>	<u>(192,281,502)</u>
Total comprehensive income/(expense) attributable to:			
Owners of the Company		15,782,033	(192,076,745)
Non-controlling interests		<u>2,917,526</u>	<u>(204,757)</u>
		<u>18,699,559</u>	<u>(192,281,502)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Note</i>	2021 HK\$	2020 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		153,222,523	160,494,596
Right-of-use assets		14,281,194	13,815,227
Investment properties		805,236,720	849,677,831
Interests in associates		14,422,890	18,521,547
Intangible assets		3,702,706	3,702,706
Other assets		2,962,454	2,700,000
Financial asset at fair value through other comprehensive income ("FVOCI") (non-recycling)		15,000,000	–
Deposits and prepayments		17,895,490	15,000,000
Deferred tax assets		2,671,782	2,484,084
		1,029,395,759	1,066,395,991
Current assets			
Stock of property		–	124,000,000
Inventories		48,929,873	42,939,701
Trade and other receivables	<i>11</i>	120,233,466	101,149,271
Deposits and prepayments		5,812,334	6,725,349
Tax recoverable		251,736	538,032
Restricted cash		4,100,000	4,100,000
Financial assets at FVTPL		22,502,500	6,066,000
Trust accounts of shares dealing clients		91,918,726	75,827,361
Cash and cash equivalents		159,575,769	103,372,537
		453,324,404	464,718,251

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2021

	<i>Note</i>	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Current liabilities			
Trade and other payables	12	134,382,272	112,579,758
Contract liabilities		1,421,221	1,865,167
Bank loans		106,869,971	180,873,809
Amount due to an associate		666,695	1,018,497
Lease liabilities		1,005,704	998,220
Tax payable		4,524,637	4,030,861
		248,870,500	301,366,312
Net current assets		204,453,904	163,351,939
Total assets less current liabilities		1,233,849,663	1,229,747,930
Non-current liabilities			
Bank loans		168,279,062	178,220,657
Amount due to a non-controlling interest		3,170,000	3,110,000
Deferred tax liabilities		13,190,836	11,144,466
		184,639,898	192,475,123
Net assets		1,049,209,765	1,037,272,807
EQUITY			
Share capital		245,062,941	245,062,941
Reserves		792,942,316	783,922,884
		1,038,005,257	1,028,985,825
Equity attributable to owners of the Company		1,038,005,257	1,028,985,825
Non-controlling interests		11,204,508	8,286,982
Total equity		1,049,209,765	1,037,272,807

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The principal activities of the Group include investment holding, property investment, development and leasing, hotel operation, manufacturing and distribution of plastic packaging materials and securities broking and margin financing.

The consolidated financial statements are presented in Hong Kong dollars (HK\$), which is also the functional currency of the Company.

The financial information relating to the years ended 31 March 2021 and 31 March 2020 included in this announcement of annual results for the year ended 31 March 2021 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated 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 2020 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 2021 in due course.

The Company's auditors have reported on the consolidated financial statements of the Group. The auditors' report for the year ended 31 March 2021 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”)

Amended HKFRSs that are effective for annual periods beginning or after 1 April 2020

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning on 1 April 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

3. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include the applicable disclosures requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange and comply with the applicable requirements of the Hong Kong Companies Ordinance.

4. SEGMENT INFORMATION

The executive directors of the Company, being the chief operating decision makers, have identified the following operating segments of the Group.

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

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

I) Segment revenue and results

The measurement policies the Group used for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that the following items are not included in arriving at the operating results of the operating segment:

- share of results of associates and impairment loss of amounts due from associates;
- certain finance costs;
- income tax expense; and
- corporate income and expenses which are not directly attributable to the business activities of any operating segment.

The following is an analysis of the Group's revenue and results by reportable segment:

	Property investment, development and leasing/ hotel operation		Manufacturing and distribution of plastic packaging materials		Broking and securities margin financing		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Segment revenue								
– from external customers	<u>16,534,210</u>	<u>36,310,235</u>	<u>224,588,702</u>	<u>273,029,244</u>	<u>19,199,171</u>	<u>15,610,475</u>	<u>260,322,083</u>	<u>324,949,954</u>
Segment results	(15,228,807)	(452,541)	32,588,591	23,715,441	6,615,263	(298,450)	23,975,047	22,964,450
Gain on disposal of subsidiaries	53,407,082	-	-	-	-	-	53,407,082	-
Loss arising from change in fair value of investment properties	(47,586,253)	(185,677,089)	-	-	-	-	(47,586,253)	(185,677,089)
	<u>(9,407,978)</u>	<u>(186,129,630)</u>	<u>32,588,591</u>	<u>23,715,441</u>	<u>6,615,263</u>	<u>(298,450)</u>	<u>29,795,876</u>	<u>(162,712,639)</u>
Unallocated finance costs							(7,292,699)	(12,530,188)
Share of results of associates							(3,397,622)	(300,953)
Impairment loss recognised in respect of amount due from an associate							(1,782,976)	(3,371,462)
Profit/(Loss) before income tax							17,322,579	(178,915,242)
Income tax expense							(8,779,924)	(6,521,414)
Profit/(Loss) for the year							<u>8,542,655</u>	<u>(185,436,656)</u>

II) Geographical segment

The Group's revenues from external customers and its non-current assets (other than amount due from an associate, financial asset at FVOCI, refundable investment deposit and deferred tax assets) are divided into the following geographical areas. The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current assets is based on the physical location of the assets.

	Revenue from		Non-current	
	external customers		assets	
	2021	2020	2021	2020
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Hong Kong	82,545,970	103,083,431	899,102,042	959,056,272
Japan	56,421,151	55,867,359	–	–
PRC	48,379,241	91,164,500	94,257,394	88,685,549
Oceania	43,830,092	44,418,052	–	–
Europe	14,608,062	16,246,862	–	–
North America	14,537,567	14,169,750	–	–
	<u>260,322,083</u>	<u>324,949,954</u>	<u>993,359,436</u>	<u>1,047,741,821</u>

5. REVENUE

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

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

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Revenue from contracts with customers		
Sales of goods	224,588,702	273,029,244
Brokerage commission	11,020,689	8,318,511
Hotel accommodation income	525,351	12,591,434
	<u>236,134,742</u>	<u>293,939,189</u>
Revenue from other sources		
Rental and related income	16,008,859	23,718,801
Interest income received from clients	7,596,539	6,907,091
Dividend income from listed equity securities	581,943	384,873
	<u>24,187,341</u>	<u>31,010,765</u>
Total revenue	<u><u>260,322,083</u></u>	<u><u>324,949,954</u></u>

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 in the following geographical market:

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Timing of revenue recognition		
At a point in time	235,609,391	281,347,755
Over time	525,351	12,591,434
	<u><u>236,134,742</u></u>	<u><u>293,939,189</u></u>

6. FINANCE COSTS

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Interest expenses on:		
Bank loans	6,783,974	12,022,756
Other borrowings	113,413	71,328
Finance charges on lease liabilities	17,443	52,751
Bank charges	377,869	383,353
	<u>7,292,699</u>	<u>12,530,188</u>

7. INCOME TAX EXPENSE

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Hong Kong Profits Tax		
– Current tax	6,141,858	5,397,130
– Under/(Over) provision in prior years	101,002	(333,180)
	<u>6,242,860</u>	<u>5,063,950</u>
PRC Enterprise Income Tax		
– Current tax	697,847	802,877
– (Over)/Under provision in prior years	(19,455)	628,208
	<u>678,392</u>	<u>1,431,085</u>
Deferred tax charge	<u>1,858,672</u>	<u>26,379</u>
Total income tax expense	<u>8,779,924</u>	<u>6,521,414</u>

The provision for Hong Kong Profits Tax for 2021 is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2,000,000 are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2020.

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. PROFIT/(LOSS) FOR THE YEAR

Profit/(Loss) for the year is arrived at after charging/(crediting):

	2021	2020
	<i>HK\$</i>	<i>HK\$</i>
Cost of inventories sold	137,655,512	182,393,315
Direct operating expenses for generating rental income	2,406,122	3,005,971
Auditors’ remuneration:		
– Audit services	851,599	809,260
– Non-audit services	72,100	–
	<u>923,699</u>	<u>809,260</u>
Depreciation:		
– Property, plant and equipment	10,616,413	12,835,583
– Right-of-use assets	1,799,785	1,788,212
	<u>12,416,198</u>	<u>14,623,795</u>
(Gain)/Loss on disposal of financial assets at FVTPL	(568,952)	333,708
(Gain)/Loss on change in fair value of financial assets at FVTPL	(465,479)	1,275,000
	<u>(1,034,431)</u>	<u>1,608,708</u>

	2021	2020
	HK\$	HK\$
Impairment loss recognised in respect of on amount due from an associate	1,782,976	3,371,462
Provision for ECL allowance of trade and other receivables	–	930,253
Reversal of ECL allowance of trade and other receivables	(2,581,571)	(143,030)
Bad debt written off	146,281	34,359
Bad debt recovered	(92,450)	(4,000)
Loss on disposal of property, plant and equipment	355,325	–
Gain on disposal of subsidiaries	(53,407,082)	–
Write-off of property, plant and equipment	11,194,022	9,668
Write-down of stock of property	–	5,652,000
Exchange loss, net	93,560	155,778
Staff costs (including directors' emoluments):		
– Wages, salaries and allowances	45,725,281	51,364,793
– Staff benefits	1,165,583	1,701,356
– Contributions to retirement benefits scheme	1,406,338	2,055,361
	<u>48,297,202</u>	<u>55,121,510</u>

9. DIVIDENDS

(a) Dividends attributable to the year:

	2021	2020
	HK\$	HK\$
Proposed final dividend of HK3 cents per ordinary share (2020: HK3 cents)	<u>6,762,601</u>	<u>6,762,601</u>

The final dividend proposed after the reporting date 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 reporting date.

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

	2021	2020
	<i>HK\$</i>	<i>HK\$</i>
2020 final dividend of HK3 cents (2019: HK3 cents) per ordinary share	<u>6,762,601</u>	<u>6,762,601</u>

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

The calculation of the basic and diluted earnings/(loss) per share is based on profit attributable to owners of the Company of HK\$6,266,111 (2020: loss attributable to owners of the Company of HK\$185,675,835) and on the weighted average number of 225,420,034 (2020: 225,420,034) ordinary shares in issue during the year.

The diluted earnings/(loss) per share for the years ended 31 March 2021 and 2020 were the same as basic earnings/(loss) per share as there were no dilutive potential ordinary shares in existence for both years.

11. TRADE AND OTHER RECEIVABLES

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

	2021	2020
	<i>HK\$</i>	<i>HK\$</i>
Trade receivables from broking and securities margin financing:		
– Clearing house and cash clients	8,853,275	11,298,783
– Secured margin clients	84,421,554	64,728,288
Less: ECL allowance	(31,149)	(2,164,058)
	<u>93,243,680</u>	<u>73,863,013</u>

	2021	2020
	HK\$	HK\$
Trade receivables from sales of goods and leasing/hotel operation	25,541,918	26,532,329
Less: ECL allowance	(497,385)	(922,144)
	25,044,533	25,610,185
Other receivables	1,945,253	1,676,073
Less: ECL allowance	–	–
	1,945,253	1,676,073
	<u>120,233,466</u>	<u>101,149,271</u>

The directors of the Group consider that the fair values of trade and other receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

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

At 31 March 2021, trade receivables from cash clients and secured margin clients of HK\$1,801,648 (2020: HK\$4,902,505) were due from the key management personnel.

Trade receivables of manufacturing and distribution of plastic packaging materials fall into the general credit term ranged from 0–90 days 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 credit card transaction date.

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

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

Aging analysis

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

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
0–30 days	11,750,838	12,243,136
31–60 days	4,501,644	5,275,563
61–90 days	5,712,353	3,295,628
91–120 days	2,007,958	2,811,533
121–365 days	1,031,983	1,960,080
Over 365 days	39,757	24,245
	25,044,533	25,610,185

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 2021 (2020: 8.5%). The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. At 31 March 2021, the total market value of securities pledged as collateral by the customers in respect of the loans to margin clients was HK\$192,255,409 (2020: HK\$134,455,117).

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

12. TRADE AND OTHER PAYABLES

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

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Trade payables to:		
– Clearing house and cash clients	87,390,567	76,581,417
– Secured margin clients	14,394,416	6,480,378
– Other creditors	9,807,823	5,767,433
	<u>111,592,806</u>	<u>88,829,228</u>
Accrued salaries	7,768,866	6,924,536
Accrued employee benefits	2,097,829	1,944,653
Other accrued expenses	9,483,859	8,127,584
Rental deposits received	2,830,025	5,636,323
Advanced payment received from tenants	608,887	1,117,434
	<u>22,789,466</u>	<u>23,750,530</u>
	<u><u>134,382,272</u></u>	<u><u>112,579,758</u></u>

Trade payables to other creditors represents trade payables in respect of purchases of materials and supplies.

The credit period granted by other creditors is generally within 30 days. The following is an aging analysis of trade payables to other creditors based on invoice dates:

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
0–30 days	8,167,881	3,193,297
31–60 days	1,055,470	848,052
61–90 days	–	754,505
91–120 days	–	171,754
121–365 days	–	251,322
Over 365 days	584,472	548,503
	<u>9,807,823</u>	<u>5,767,433</u>

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

13. DISPOSAL OF SUBSIDIARIES

On 25 January 2021, the Group disposed its entire interest in a direct wholly-owned subsidiary, Nan Sing Investment Limited ("NSI"), together with a wholly-owned subsidiary of NSI, Nan Sing Realty Company Limited ("NSR") to an independent third party at a cash consideration of HK\$179,825,621, which was settled in January 2021.

	<i>HK\$</i>
Analysis of assets and liabilities over which control was lost:	
Stock of property	126,592,918
Deposits and prepayments	48,118
Other payables	(6,499)
Amounts due to the companies of the Group	(103,218,010)
Tax payables	(215,998)
	23,200,529
Net assets disposed of	23,200,529
Gain on disposal of subsidiaries:	
Consideration received	179,825,621
Amounts due to the companies of the Group	(103,218,010)
Net assets disposed of	(23,200,529)
	53,407,082
Gain on disposal	53,407,082
Net cash inflow on disposal of subsidiaries:	
Consideration received in cash and cash equivalents	179,825,621
Less: cash and cash equivalents disposed of	—
	179,825,621

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

For the year ended 31 March 2021, the Group recorded revenue of HK\$260.3 million, representing a decrease of HK\$64.6 million, or 19.9% as compared with HK\$324.9 million for the year ended 31 March 2020. The Group recorded a profit for the year attributable to owners of the Company of HK\$6.3 million compared to a loss of HK\$185.7 million in the last financial year. The turnaround of results was mainly attributable to (1) the decrease in the loss arising on change in fair value of the Group's investment properties of HK\$138.1 million or 74.4%; (2) a one-off gain on disposal of subsidiaries of HK\$53.4 million; and (3) increase in operating profit in manufacturing and distribution of plastic packaging materials segment of HK\$8.9 million due to better customer mix and effective cost control measures.

Property Investment, Development and Leasing/Hotel Operation

This segment comprises property investment, development and leasing in Hong Kong and the PRC and operating a hotel in Hong Kong. For the year ended 31 March 2021, this segment recorded revenue of HK\$16.5 million, a significant decrease of HK\$19.8 million or 54.5% as compared with HK\$36.3 million for the year ended 31 March 2020. Loss from operation was HK\$15.2 million, representing an increase in loss of HK\$14.8 million, as compared with HK\$0.5 million for the year ended 31 March 2020. It was mainly attributable to operating loss in hotel operation of HK\$11.0 million, as compared with a profit of HK\$10.0 million for the year ended 31 March 2020 as the Group recognised write-off of property, plant and equipment due to demolition of our hotel building for alteration and addition works and incurred staff redundancy cost due to suspension of hotel operation, such effect was partially offset by the absence of write down of stock of properties of HK\$5.7 million in this year.

(i) Property Investment, Development and Leasing

Most of the Group's investment properties were leased out to generate steady rental income for the Group. For the year ended 31 March 2021, the total rental income and rental related income amounted to HK\$16.0 million, representing a decrease of HK\$7.7 million, or 32.5% as compared with HK\$23.7 million for the year ended 31 March 2020. It was mainly attributable to (1) lease termination of shops on ground floor of hotel building due to alteration and addition works since September 2020; and (2) rental reduction or concession to our tenants due to severe disruptions caused by COVID-19.

(ii) *Hotel Operation*

Due to COVID-19 pandemic and travel restriction among countries, visitors to Hong Kong dropped significantly. As a result, the Group decided to suspend our hotel operation since 1 June 2020 for alteration and addition works. For the year ended 31 March 2021, hotel accommodation income recorded HK\$0.5 million, decreased significantly by HK\$12.1 million or 95.8% as compared with HK\$12.6 for the year ended 31 March 2020. Occupancy rate and average room rate were merely 46.7% and HK\$249.1, respectively.

Manufacturing and Distribution of Plastic Packaging Materials

For the year ended 31 March 2021, this segment recorded a revenue of HK\$224.6 million, a decrease of HK\$48.4 million or 17.7% as compared with HK\$273.0 million for the year ended 31 March 2020 due to more competitive environment. However, the segment profit was HK\$32.6 million, an increase of HK\$8.9 million or 37.4% as compared with HK\$23.7 million for the year ended 31 March 2020 due to the decrease in cost of sales couple with relief measures announced by both the PRC and HK Government.

With the COVID-19 pandemic forces countries around the world to close borders and close cities, it remains unclear when and how quickly the global economy returns to normality. Nevertheless, the global pursuit of greener lifestyle continues to gain momentum and we have replaced majority of the solvent-based ink with water-based ink and installed Regenerative Catalytic Oxidation (RCO) to reduce Volatile Organic Compounds (VOC) emissions. Furthermore, we have developed degradable alternatives with customers in PRC to meet the plastic ban effective from 1 January 2021.

Broking and Securities Margin Financing

Owing to the effects of the COVID-19 pandemic which induced continue lockdowns that suspended economic activity. It was an uneasy year for the global economy. Hang Seng Index was moving between 22,519 points and 31,183 points, with variation of 8,664 points. The overall Hong Kong stock market daily turnovers was mounting to about HK\$300 billion from December 2020 to February 2021. During the year, our business performance was also favored by the increase of the total market turnover. The market atmosphere was dampened when the HKSAR Government announced to explore new revenue sources by raising the stamp duty on stock transaction in August 2021. The additional levy will not only increase the cost on transaction but also weaken the competitiveness of the Hong Kong stock market.

For the year ended 31 March 2021, the brokerage commission was HK\$11.0 million, an increase of HK\$2.7 million or 32.5% as compared with HK\$8.3 million for the year ended 31 March 2020. The interest received from clients on margin financing was HK\$7.6 million, an increase of HK\$0.7 million or 10.0% as compared to HK\$6.9 million for the year ended 31 March 2020 as clients have less inclined to hold stocks in the uncertain market. We have better performance in the segment profit for the year ended 31 March 2021, which recorded a profit of HK\$6.6 million as compared with a loss of HK\$0.3 million for the year ended 31 March 2020. The improvement in segment profit was mainly due to the increase in brokerage commission received in the active market with positive market sentiment.

Strategic and Prospects

Looking ahead, as the unstable and the volatility of global environment and the COVID-19 pandemic is predicted to 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/Hotel Operation

(i) Property Investment, Development and Leasing

Everglory Centre, No. 1B Kimberley Street, Tsimshatsui, Kowloon

Under the current environment, corporations tend to downsize or withhold their business expansion plan followed by COVID-19 pandemic. Although the market demand for traditional office is weak, corporations are seeking for more economic 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.

No. 1 Lei Muk Road, Kwai Chung, New Territories, Hong Kong

The Group has applied for change in zone usage of the property. The application has been approved by the Town Planning Board on 23 October 2020.

Bare Site, No. 111 King's Road, North Point

The Group has disposed the site through disposal of subsidiaries. The proceeds from disposal will be used for re-investment for other potential properties and projects.

Meanwhile, the Group will also consider other opportunities, including but not limited to upgrade our premises, in order to make use of our property portfolio to generate favorable return in coming years.

(ii) Hotel Operation

The Group has suspended the hotel operation business in Hong Kong from 1 June 2020 for alterations and addition works. As at 31 March 2021, the demolition work of building was substantially completed and is ready for the foundation works. The upgrade works is expected to be completed in the second quarter of 2024. Upon completion, the number of guest rooms and the size of commercial areas of the hotel will increase and the plot ratio can be fully utilized with a view to generating additional hotel accommodation income and rental income for the Group in the coming years.

Manufacturing and Distribution of Plastic Packaging Materials

With the global pandemic lingering on and the impact of the China-US decoupling and economic confrontation continues, it is unpredictable when the global economy can recover, which in turn will impact our customers' sentiment towards their sales forecast and delay their marketing and procurement decisions further. In face with the current challenges, we will continue to optimize and upgrade our manufacturing facilities to enhance competitiveness, and focus on promoting green alternatives to meet the market demand.

Broking and Securities Margin Financing

Looking forward, more than a year into the COVID-19, lots of uncertainties are still hovering over the path of health and economy. In positive prospects, China-US are undergoing the talks with the hope to alleviate the trade dispute. In addition, better economy growth is expected when the smooth rollout of inoculation which is important to reopen international borders that resume economy. On the other hand, a stronger recovery will trigger inflation, with the fear that The US Federal Reserve would reduce the volume of the Quantitative Ease (QE) or raise interest rate which may have negative impacts on the investment market.

At present, we continue to adopt prudent strategy in the fluctuated market situation, and expect we might continue to benefit from the increase in overall market turnover and the recovery of worldwide economy in the coming year.

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 2021, cash and cash equivalents were HK\$159.6 million (2020: HK\$103.4 million) and trade and other receivables were HK\$120.2 million (2020: HK\$101.1 million). Trade and other payables were HK\$134.4 million (2020: HK\$112.6 million). The increase in cash and cash equivalents was mainly attributable to proceeds from disposal of subsidiaries, net off by repayment of bank loans during the year.

As at 31 March 2021, the Group's bank loans were HK\$275.1 million (2020: HK\$359.1 million), in which the short term borrowings amounted to HK\$106.9 million (2020: HK\$180.9 million) and long term borrowings amounted to HK\$168.3 million (2020: HK\$178.2 million). The Group's current year net debt to equity ratio was 10.7% (2020: 24.5%), calculated on the basis of the Group's total debts less restricted cash and cash and cash equivalents divided by total equity attributable to owners of the Company. The net debt to equity ratio decreased significantly as the Group repaid bank loans by cash proceeds from disposal of subsidiaries during the year.

Capital Structure

As at 31 March 2021, the total equity attributable to owners of the Company amounted to HK\$1,038.0 million (2020: HK\$1,029.0 million). The Group's consolidated net assets per share as at the reporting date was HK\$4.7 (2020: HK\$4.6).

Foreign Exchange Exposure

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

Material Acquisitions and Disposals

On 25 January 2021, the Group disposed its entire interest in a direct wholly-owned subsidiary, NSI, together with a wholly-owned subsidiary, NSR to an independent third party at a cash consideration of HK\$179,825,621, which was settled in January 2021.

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

Employees and Remuneration Policies

The Group had 291 employees as at 31 March 2021 (2020: 333 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 (2020: HK3 cents per ordinary share) in respect of the year ended 31 March 2021 to all Shareholders of the Company whose name appear on the register of members of the Company on 3 September 2021. 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 7 October 2021.

ANNUAL GENERAL MEETING

The AGM will be convened to be held on Friday, 27 August 2021. 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 2020/21 Annual Report, in due course.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Tuesday, 24 August 2021 to Friday, 27 August 2021, 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, 23 August 2021.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed from Thursday, 2 September 2021 to Friday, 3 September 2021, 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, 1 September 2021.

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 2021, 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 and an independent non-executive director were unable to attend the annual general meeting of the Company held on 28 August 2020 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 2021 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 2020/2021 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, 24 June 2021

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.