SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED
華信地產財務有限公司
(Incorporated in Hong Kong with limited liability)
Stock Code: 252
Website: http://www.seapnf.com.hk

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

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 2018 as below:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2018

	Notes	**2018** **HK$**	2017 HK$
Revenue	*5*	**535,833,149**	532,100,660
Cost of sales		**(436,620,635)**	(421,431,993)
Gross profit		**99,212,514**	110,668,667
Other revenue and other income		**5,414,849**	9,671,157
Gain arising on change in fair value of investment properties		**27,515,945**	51,628,869
Gain arising on change in fair value of financial assets at fair value through profit or loss		**2,872,896**	1,814,506
Selling and distribution expenses		**(9,926,652)**	(9,327,238)
Administrative expenses		**(54,869,930)**	(50,051,044)
Other operating (expenses) income		**(2,491,863)**	298,366

	Notes	**2018**	2017
		HK$	*HK$*
Profit from operations	*6*	**67,727,759**	114,703,283
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*	**(6,655,630)**	(7,870,024)
Share of results of associates		**2,222,291**	215,484
Profit before tax		**73,716,316**	107,048,743
Income tax expense	*8*	**(6,966,066)**	(9,494,912)
Profit for the year		**66,750,250**	97,553,831
Profit for the year attributable to:			
Owners of the Company		**65,660,616**	95,807,428
Non-controlling interests		**1,089,634**	1,746,403
		66,750,250	97,553,831
Earnings per share			
Basic and diluted *(HK cents)*	*10*	**29.8**	44.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018	2017
	HK$	*HK$*
Profit for the year	**66,750,250**	97,553,831
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**15,378,699**	(9,836,758)
Share of exchange reserve of associates	**(2,725,989)**	(2,734,325)
Gain arising on fair value change of available-for-sale financial assets	**2,735,964**	4,304,390
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 income (loss) for the year	**8,196,820**	(8,266,693)
Total comprehensive income for the year	**74,947,070**	89,287,138
Total comprehensive income for the year attributable to:		
Owners of the Company	**73,143,245**	87,997,554
Non-controlling interests	**1,803,825**	1,289,584
	74,947,070	89,287,138

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	2018 HK$	2017 HK$
Non-current assets			
Investment properties		**904,749,916**	871,554,798
Property, plant and equipment		**188,503,557**	183,578,321
Leasehold land and land use right		**15,429,937**	14,509,334
Interests in associates		**82,368,370**	80,612,015
Available-for-sale financial assets		**2,751,000**	21,771,316
Intangible assets		**3,702,706**	3,702,706
Deferred tax assets		**1,173,324**	942,118
Other assets		**2,867,857**	3,017,873
Deposit paid for acquisition of property		**5,500,000**	–
		1,207,046,667	1,179,688,481
Current assets			
Inventories		**76,611,756**	64,947,335
Stock of property		**124,197,018**	114,870,000
Trade and other receivables	*11*	**133,798,881**	170,339,688
Financial assets at fair value through profit or loss		**28,177,000**	7,169,750
Loan receivable		**–**	19,000,000
Deposits and prepayments		**9,939,104**	9,888,985
Prepaid tax		**2,399,480**	1,036,544
Restricted cash		**4,100,000**	4,100,000
Trust accounts of shares dealing clients		**105,805,007**	106,320,931
Cash and cash equivalents		**90,240,509**	81,832,677
		575,268,755	579,505,910
Assets classified as assets held for sale		**886,000**	–
		576,154,755	579,505,910

	Notes	**2018** *HK$*	2017 *HK$*
Current liabilities			
Trade and other payables	*12*	**184,290,654**	168,119,374
Bank loans		**84,961,172**	95,419,484
Amount due to an associate		**1,449,606**	997,760
Amount due to a related company		**–**	11,164,633
Tax payable		**1,642,225**	3,789,832
		272,343,657	279,491,083
Net current assets		**303,811,098**	300,014,827
Total assets less current liabilities		**1,510,857,765**	1,479,703,308
Non-current liabilities			
Bank loans		**198,289,386**	222,029,209
Amounts due to non-controlling interests		**3,060,000**	2,960,000
Deferred tax liabilities		**10,092,448**	8,634,395
		211,441,834	233,623,604
Net assets		**1,299,415,931**	1,246,079,704
Capital and reserves			
Share capital		**245,062,941**	217,418,850
Reserves		**1,046,387,319**	1,008,151,108
Equity attributable to owners of the Company		**1,291,450,260**	1,225,569,958
Non-controlling interests		**7,965,671**	20,509,746
Total equity		**1,299,415,931**	1,246,079,704

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 2018 and 31 March 2017 included in this announcement of annual results for the year ended 31 March 2018 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 2017 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 2018 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 2017. A summary of the new and revised HKFRSs applied by the Group is set out as follows:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle relating to Amendments to HKFRS 12 *Disclosures of Interests in Other Entities*
HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from these financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note to the consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note to the consolidated financial statements, the application of these amendments has had no impact on the Group's consolidated financial statements.

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

3. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rule") on the Stock Exchange and the 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	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Revenue	**47,239,628**	45,141,520	**460,985,630**	453,236,943	**27,607,891**	33,722,197	**535,833,149**	532,100,660
Segment results	**11,376,614**	17,682,258	**17,004,456**	28,230,472	**11,830,744**	17,161,684	**40,211,814**	63,074,414
Gain arising on change in fair value of investment properties	**27,515,945**	51,628,869	**–**	–	**–**	–	**27,515,945**	51,628,869
Profit from operations	**38,892,559**	69,311,127	**17,004,456**	28,230,472	**11,830,744**	17,161,684	**67,727,759**	114,703,283
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							**(6,655,630)**	(7,870,024)
Share of results of associates							**2,222,291**	215,484
Profit before tax							**73,716,316**	107,048,743
Unallocated income tax expense							**(6,966,066)**	(9,494,912)
Profit for the year							**66,750,250**	97,553,831

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 available-for-sale financial assets reclassified from equity to profit or loss, impairment loss recognised in respect of amount due from an associate, gain on disposal of available-for-sale financial assets, cumulative gain reclassified from equity to profit or loss upon disposal of available-for-sale financial assets, finance costs, share of results of associates and income tax expense. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

II) Geographical segment

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

	Revenue from external customer	
	2018	2017
	HK$	*HK$*
Hong Kong	**133,061,861**	175,541,867
North America	**22,383,409**	30,141,684
Oceania	**49,194,699**	36,242,875
Europe	**35,979,780**	42,180,157
PRC	**240,623,334**	198,272,293
Other asian countries	**54,590,066**	49,721,784
	535,833,149	532,100,660

	Non-current assets *(Note)*	
	2018	2017
	HK$	*HK$*
Hong Kong	**1,055,356,413**	1,030,993,356
PRC	**107,796,820**	93,772,636
	1,163,153,233	1,124,765,992

Note: Non-current assets excluded financial instruments and deferred tax assets.

5. REVENUE

	2018	2017
	HK$	*HK$*
Sale of goods	**460,985,630**	453,236,943
Rental income and rental related income	**21,869,664**	23,157,017
Brokerage commission	**16,833,470**	15,102,693
Interest income received from client	**9,941,661**	17,446,750
Hotel accommodation income	**25,369,964**	21,984,503
Dividend income from listed equity securities	**824,600**	1,142,880
Dividend income from unlisted equity securities	**8,160**	29,874
	535,833,149	532,100,660

6. PROFIT FROM OPERATIONS

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

	2018	2017
	HK$	*HK$*
Amortisation of leasehold land and land use right	**493,302**	489,057
Auditors' remuneration:		
– Audit services	**920,074**	1,030,754
– Non-audit services	**650,000**	–
	1,570,074	1,030,754
Cost of inventories sold	**372,524,354**	356,910,256
Depreciation of property, plant and equipment	**12,934,349**	12,853,457
Direct operating expenses for generating rental income	**3,128,690**	2,290,765
Exchange loss (gain)	**2,459,147**	(353,543)
Gain on disposal of property plant and equipment	**(18,087)**	(52,459)
Gain on disposal of financial assets at fair value through profit or loss	**(130,722)**	(26,431)
Gain on fair value change of financial assets at fair value through profit or loss	**(2,742,174)**	(1,788,075)
	(2,872,896)	(1,814,506)
Impairment loss recognised in respect of amount due from an associate	**309,958**	–
Impairment loss recognised in respect of trade receivables	**13,771**	–
Operating lease rental in respect of office premises	**1,426,428**	1,343,017
Staff costs (including directors' remuneration):		
– Salaries, wages and allowances	**51,238,516**	52,206,540
– Staff benefits	**640,050**	926,992
– Retirement benefit schemes contributions	**895,110**	955,670
	52,773,676	54,089,202

7. FINANCE COSTS

	2018	2017
	HK$	*HK$*
Interest expenses on:		
Bank loans and overdraft	**6,177,077**	7,557,354
Amounts due to related companies	**18,249**	3,669
Other borrowings	**9,414**	7,486
Bank charges	**450,890**	301,515
	6,655,630	7,870,024

8. INCOME TAX EXPENSE

The income tax expense is as follow:

	2018	2017
	HK$	*HK$*
Hong Kong Profits Tax		
– Current tax	**5,307,654**	6,638,859
– Under provision in prior years	**80,417**	98,782
	5,388,071	6,737,641
PRC Enterprise Income Tax		
– Current tax	**350,636**	694,364
– Under provision in prior years	**512**	–
	351,148	694,364
Deferred tax charge	**1,226,847**	2,062,907
Total income tax expense for the year	**6,966,066**	9,494,912

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

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

9. DIVIDENDS

	2018	2017
	HK$	*HK$*
Dividends recognised as distribution during the year		
– Special dividend – HK10 cents (2017: nil) per ordinary share	**21,741,885**	–
– Final dividend – HK4.5 cents (2017: HK3 cents) per ordinary share	**9,783,848**	6,522,565
– Interim dividend – HK1.5 cents (2017: HK1.5 cents) per ordinary share	**3,381,301**	3,261,283
	34,907,034	9,783,848

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 2018 have been proposed by the directors and are subject to approval by the shareholders in the forthcoming annual general meeting.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on profit attributable to owners of the Company of HK$65,660,616 (2017: HK$95,807,428) and on the weighted average number of 220,663,166 (2017: 217,418,850) ordinary shares in issue during the year.

The diluted earnings per share for the years ended 31 March 2018 and 2017 was the same as basic earnings per share as there was no potential outstanding shares for both years.

11. TRADE AND OTHER RECEIVABLES

The Group's trade receivables arose from (i) property investments and development/hotel operations, (ii) manufacturing and distribution of plastic packaging materials, and (iii) stock broking, futures and finance for the year.

	2018	2017
	HK$	*HK$*
Trade receivables from:		
– Clearing house and cash clients	**10,380,173**	44,169,264
– Secured margin clients	**74,501,012**	72,902,154
– Other customers	**49,209,234**	48,749,797
	134,090,419	165,821,215
Less: Allowance for doubtful debts	**(9,410,948)**	(9,410,948)
	124,679,471	156,410,267
Other receivables	**9,119,410**	13,929,421
	133,798,881	170,339,688

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

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

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

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.

(a) **Aging analysis**

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

	2018	2017
	HK$	*HK$*
0-30 days	**33,819,736**	44,999,534
31-60 days	**8,059,968**	16,144,233
Over 60 days	**8,298,755**	22,364,346
	50,178,459	83,508,113

Margin loans due from margin clients are repayable on demand. Margin loans are required to be secured by clients' listed securities held by the Group as collateral and bears interest at 8.25% for the year ended 31 March 2018 (2017: 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 2018, the total market value of securities pledged as collateral by the customers in respect of the loans to margin clients was HK$339,537,448 (2017: HK$167,377,629). At 31 March 2018, the pledged value of securities of margin clients to bank for banking facilities granted to the Group was HK$10,044,400 (2017: HK$16,119,542). 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.

At 31 March 2017, amounts of HK$17,305,137 included in trade receivables from clearing house and cash clients is secured by debtor's property. The amounts were fully settled during the year ended 31 March 2018.

12. TRADE AND OTHER PAYABLES

The Group's trade payables arose from (i) hotel management, (ii) manufacturing and distribution of plastic packaging materials, and (iii) stock broking, futures and finance for the year.

	2018	2017
	HK$	*HK$*
Trade payables to:		
– Clearing house and cash clients	**96,588,959**	94,262,615
– Secured margin clients	**22,115,663**	20,750,237
– Other creditors	**32,756,386**	23,470,798
	151,461,008	138,483,650
Other payables	**32,829,646**	29,635,724
	184,290,654	168,119,374

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:

	2018	2017
	HK$	*HK$*
0-30 days	**150,454,195**	138,058,440
31-60 days	**398,774**	26,647
Over 60 days	**608,039**	398,563
	151,461,008	138,483,650

The credit period granted by suppliers generally within 30 days.

Amounts of HK$886,000 included in other payables related to deposits received from Sonlient Investment Company Limited for disposal of two unlisted equity securities classified as available-for-sale financial assets. One of the disposal of available-for-sale financial assets with the carrying amount of HK$750,000 has been completed on 8 May 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

For the year ended 31 March 2018, the Group recorded revenue of HK$535.8 million, a slight increase of 0.7% as compared with HK$532.1 million in the preceding year, and the Group's profit for the year was HK$66.8 million, a decrease of 31.6% as compared with HK$97.6 million in the preceding year.

The annual results of the Group for the year ended 31 March 2018 recorded a decrease in profit as compared with the preceding year. It was mainly attributable to the decrease of HK$22.9 million in segment profit and decrease of HK$24.1 million in the gain arising on change in fair value of investment properties, net-off by the total cumulative gain on disposal of available-for-sale financial assets of HK$11.2 million.

Property Investment, Development and Leasing/Hotel Operation

This segment comprises property investment, development and leasing in Hong Kong and China and provision of hotel services in Hong Kong. For the year ended 31 March 2018, this segment recorded revenue of HK$47.2 million, an increase of 4.7% as compared with HK$45.1 million in the preceding year, and the segment result was HK$11.4 million, a decrease of 35.6% as compared with HK$17.7 million in the preceding year. Including the gain arising on change in fair value of investment properties of HK$27.5 million, a decrease of 46.7% as compared with HK$51.6 million in the preceding year, the profit from operation was HK$38.9 million, a decrease of 43.9% as compared with HK$69.3 million in the preceding year.

(i) Property Investment, Development and Leasing

Most of the Group's investment properties were leased out to generate rental income during the year. For the year ended 31 March 2018, the Group's rental income and rental related income amounted to HK$21.9 million, a slight decrease of 5.6% as compared with HK$23.2 million in the preceding year. It was mainly attributed by the change of tenant mix and the progressive conversion of Everglory Centre still in place during the year.

During the year, the Group recorded a gain arising on change in fair value of investment properties amounted to HK$27.5 million (year ended 31 March 2017: HK$51.6 million), which is in line with the upward trend of the property market during the year.

(ii) Hotel Operation

For the year ended 31 March 2018, hotel accommodation income amounted to HK$25.4 million, which was 3.4 million, a 15.5% higher than the preceding year amounted to HK$22.0 million. With a rebound of 5.2% in total overnight visitor arrivals and a 7.7% increase in overnight visitor arrivals from Mainland China, our hotel was able to achieve an average occupancy rate of 94.14% which is slightly higher than 92.27% in the preceding year. The average room rate recorded an increase of 7.6% resulting in a corresponding increase in RevPAR of 9.76%. As the tourism market continues to show recovery, we are positive that Hong Kong will continue to be an attractive destination.

Manufacturing and Distribution of Plastic Packaging Materials

For the year ended 31 March 2018, this segment recorded a revenue of HK$461.0 million, an increase of 1.7% as compared with HK$453.2 million in the preceding year and the segment profit was HK$17.0 million, a decrease in 39.7% as compared with HK$28.2 million in the preceding year. The decrease in segment profit was mainly due to the depreciation of the US dollar by approximately 9% to the Yuan and the sharp increases in the price of paper packaging products.

Operating environment remained challenging as US dollar has taken a long and sustained nosedive to hit its lowest level in two years under the Trump administration. We suffered from the Yuan cost base and US dollar revenue source compressing our margin on the export trade. Furthermore, the Chinese government requires faster closure of outdated and inefficient paper manufacturing capacity and much more stringent approval requirements on new capacities coupled with shortage of raw materials and imported recycled paper, stimulated the surge in the price of paper products.

Since China launched the “Operation Green Fence” campaign that ban the import of foreign waste including plastics and scrap paper by the end of 2017 in an effort to tackle environmental and health issues domestically, the effect of China’s ban sent shock waves to many waste exporting countries and force countries to find more sustainable means of dealing with waste and tackle wasteful, disposable lifestyles at source. Our recycling center in Hong Kong commenced operation and has played an important role in collecting plastic wastes, turning waste into recycled end-products for the global need of greener lifestyles.

Broking and Securities Margin Financing

For the year ended 31 March 2018, the brokage commission was HK$16.8 million, or an increase of 11.3% as compared to the preceding financial year amounted to HK$15.1 million. The interest income received from clients recorded HK$9.9 million, represented a decrease of 43.1% as compared with HK$17.4 million in the preceding year as clients were less inclined to hold stocks in the fluctuate market. The segment profit was HK$11.8 million, a decrease of 31.4% as compared with HK$17.2 million in the preceding year.

During the financial year, Hong Kong stock market was so energetic. Hang Seng Index went up by nearly 6,000 points to 30,000 points due to most of the enterprises have improvement in earning.

Update on the Proposed Spin-Off

Reference is made to the Company's announcements dated 23 May 2018. On 23 May 2018, the Company's wholly owned subsidiary, Hotel Benito Holdings Limited ("Hotel Benito Holdings") has submitted a listing application form (Form 5A) to the Stock Exchange to apply for listing by way of introduction of, and permission to deal in, the shares of Hotel Benito Holdings ("Hotel Benito Shares") on GEM of the Stock Exchange.

The Company will make payment of a special interim dividend to the shareholders by way of distribution in specie of Hotel Benito Shares in the proportion of one Hotel Benito Share for every one share of the Company. There will be no new offering of Hotel Benito Shares to the public. Details of such distribution in specie have not yet been finalized.

The Board believes that the proposed spin-off will better position each of the Company and Hotel Benito Holdings for growth in their respective lines of business. The Company will be able to focus its resources on its remaining businesses, including but not limited to investment and development of commercial and residential properties in Hong Kong and PRC, manufacturing and trading of plastics packaging materials, stock broking, futures and finance, whilst Hotel Benito Holdings will focus on the hotel business. The spin-off will also, among others, unlock the value for existing shareholders of the Company by identifying and establishing the stand-alone corporate value of the hotel business.

Shareholders and potential investors of the Company should note that the implementation of the proposed spin-off, is subject to, among others, the listing approval of the Stock Exchange, the final decisions of the Board and the board of directors of Hotel Benito Holdings and market conditions. Accordingly, there is no assurance that the proposed spin-off will take place or if it does, the timing of it. Further announcements will be made by the Company as and when appropriate.

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

Phase 1 renovation of the Everglory Centre was completed during current financial year. So far, the per square feet rent of most offices and workstations already rented out have met or exceeded our target. Phase 2 renovation, with 5 more floors being converted into business centre expects to be completed in the next financial year.

The construction into office building of our bare site of No. 111 King's Road, North Point, Hong Kong is estimated to be completed by the end of 2018.

During the financial year, a subsidiary of our Group succeeded in the tender process to acquire a property in Kwai Chung and this acquisition will enrich the property portfolio of the Group for future development.

We believe the low interest environment will be sustained in the coming year even though the US Federal Reserve has indicated two more 25-basis point interest rate increases in the second half of 2018. Office rents will increase and the investment market should stay active with more PRC companies setting up business in Hong Kong.

Hotel Operation

Despite the geopolitical tensions, intense competition and volatile economic circumstances still pose uncertainties to the hotel and tourism industry, we are optimistic for the outlook for the coming year. With the opening of the Hong Kong-Zhuhai-Macau Bridge and the new Express Rail Link in 2018, the West Kowloon Cultural District and the expansion plans of our 2 major theme parks, Ocean Park and Hong Kong Disneyland, we believe all these favorable factors will bring more overseas visitors in particular the mainland visitors to Hong Kong. Our strategy is to stay focus on offering competitive rates and promotions to drive revenue, targeting markets that show positive growth, maintaining a well balanced customer-base, controlling costs, and concentrating our efforts to maintain the service quality and staff continuity.

Manufacturing and Distribution of Plastic Packaging Materials

The global economy in the coming year will remain unpredictable as the United States introduces trade sanctions, including levying additional tariffs to address the trade deficits with other countries. Nations around the world will attempt to revive their own economy with all necessary measures, which would inevitably affect the outlook of export trade.

With China's ban of importing foreign waste, plastic waste is becoming a global crisis forcing governments to face up to the reality of their waste problems. "No Plastic" campaign is gaining momentum around the world encouraging people and businesses to give up single-use plastics and replace them with reusable, recyclable and sustainable alternatives. Furthermore, global leaders will continue to step up its effort in environmental protection that fosters climate resilience and low greenhouse gas emissions development under the Paris Agreement. As socially responsible businesses, we acknowledge our future has to be found on a circular economy that optimizes the utilisation of resources and reduces waste while driving growth.

In this fiercely competitive environment, we will continue to strive for better quality of our products and services, adopt cleaner production practices, modernise our manufacturing facilities, and automate our workflow to improve operational efficiency.

Broking and Securities Margin Financing

The global market has entered into the cycle to raise interest rates this year, financial market began to reallocate their assets and turn to conservative assets in order to minimize risk. Together with the "Trade War" between us and China is breaking out which also hinder the sentiment of the investment market.

Consequently, clients are less inclined to hold stocks that may affect our margin financing business. In view of the fluctuate market, we would adopt prudent measures in our strategy.

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 2018, cash and cash equivalents were HK$90.2 million (2017: HK$81.8 million) and trade and other receivables were HK$133.8 million (2017: HK$170.3 million). Trade and other payables were HK$184.3 million (2017: HK$168.1 million). The increase in cash and cash equivalents was primarily attributable to increase in the amount received from trade and other receivables and net proceeds from disposal of available-for-sale financial assets. The decrease in trade and other receivables was mainly attributed to the decrease in clearing house and cash clients by HK$33.8 million.

As at 31 March 2018, the Group's bank loans and overdraft decreased from HK$317.4 million as at 31 March 2017 to HK$283.3 million, in which the short term borrowings amounted to HK$85.0 million (2017: HK$95.4 million) and long term borrowings amounted to HK$198.3 million (2017: HK$222.0 million). The Group's current year net debt to equity ratio was 14.6% (2017: 19.8%), 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 decrease in the net debt to equity ratio resulted mainly from receiving trade and other receivables to repay bank loans during the year.

Capital Structure

As at 31 March 2018, the total equity attributable to owners of the Company amounted to HK$1,291.5 million (2017: HK$1,225.6 million). The Group's consolidated net assets per share as at the reporting date was HK$5.76 (2017: HK$5.73).

Foreign Exchange Exposure

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

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

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

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

Material Acquisitions and Disposals

During the year ended 31 March 2018 and 2017, there was no material acquisitions or disposals of subsidiaries or associated companies.

Employees and Remuneration Policies

The Group had 399 employees as at 31 March 2018 (2017: 456 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 (2017: HK4.5 cents per ordinary share with scrip dividend alternative and a special dividend of HK10 cents per ordinary shares with scrip dividend alternative) in respect of the year ended 31 March 2018 to all shareholders of the Company whose name appear on the register of members of the Company on 7 September 2018. Subject to the approval of shareholders at the forthcoming annual general meeting, the payment of the final dividend will be made on or about 8 October 2018.

ANNUAL GENERAL MEETING

The Annual General Meeting (the "AGM") will be convened to be held on Friday, 31 August, 2018. 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 2017/18 Annual Report, in due course.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Tuesday, 28 August 2018 to Friday, 31 August, 2018, 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, 27 August 2018.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed from Thursday, 6 September 2018 to Friday, 7 September 2018, 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, 5 September 2018.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

Pursuant to Code A.6.7, independent non-executive directors and non-executive directors, as equal board members, should attend general meetings of the Company. During the year, certain independent non-executive director and non-executive directors were unable to attend the annual general meeting of the Company held on 25 August 2017 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 2018 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 2017/2018 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, 22 June 2018

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