



# 2013-14

Interim  
Report



SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Stock code : 252

## **CORPORATE INFORMATION**

### **Board Of Directors**

#### *Executive Directors*

Mr. Chua Nai Tuen  
(*Chairman and Managing Director*)  
Mr. Chua Nai King  
(*Deputy Chairman*)  
Mr. Nelson Junior Chua  
Mr. Gilson Chua

#### *Non-Executive Directors*

Mr. Chan Man Hon, Eric  
Mr. Jimmy Siy Tiong  
Mr. Rene Siy Chua  
Mr. Samuel Siy Yap  
Mr. Tsai Han Yung  
Ms. Vivian Chua

#### *Independent Non-Executive Directors*

Mr. Chan Siu Ting  
Mr. James L. Kwok  
Mr. Wong Shek Keung  
Mr. Tsui Ka Wah  
Mr. Tsai Sui Cheung, Andrew

### **Audit Committee**

Mr. Chan Siu Ting (*Chairman*)  
Mr. Chan Man Hon, Eric  
Mr. James L. Kwok  
Mr. Tsai Han Yung  
Mr. Wong Shek Keung  
Mr. Tsui Ka Wah

### **Remuneration Committee**

Mr. Wong Shek Keung (*Chairman*)  
Mr. Chua Nai Tuen  
Mr. Chan Siu Ting  
Mr. Tsai Sui Cheung, Andrew

### **Nomination Committee**

Mr. Chua Nai Tuen (*Chairman*)  
Mr. James L. Kwok  
Mr. Tsui Ka Wah  
Mr. Tsai Sui Cheung, Andrew

### **Principal Bankers**

China Construction Bank (Asia)  
Corporation Limited  
Hang Seng Bank Limited  
Industrial and Commercial  
Bank of China (Asia) Limited  
Wing Hang Bank, Limited

### **Solicitors**

Vincent T. K. Cheung, Yap & Co.

### **Auditors**

HLB Hodgson Impey Cheng Limited  
Certified Public Accountants

### **Company Secretary**

Mr. Chan Chi Chung

### **Registered Office**

Units 407-410, 4th Floor, Tower 2,  
Silvercord, No. 30 Canton Road,  
Tsimshatsui, Kowloon, Hong Kong.

### **Share Registrar**

General Secretarial Services Limited,  
20th Floor, Capitol Centre,  
5-19 Jardine's Bazaar,  
Causeway Bay, Hong Kong.

### **Stock Code**

252

### **Internet Address Homepage**

<http://www.seapnf.com.hk>

**INTERIM RESULTS**

The board of directors (the "Board") of Southeast Asia Properties & Finance Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2013 as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT**

*For the six months ended 30 September 2013*

		<b>Six months ended 30 September</b>	
	Notes	<b>2013 HK\$ (Unaudited)</b>	2012 HK\$ (Unaudited)
Turnover	4	<b>177,567,805</b>	203,718,004
Cost of sales		<b>(134,815,394)</b>	(161,491,635)
Gross profit		<b>42,752,411</b>	42,226,369
Other revenue and other income	5	<b>8,788,966</b>	4,906,533
Gain arising on change in fair value of investment properties		<b>55,860,559</b>	54,545,716
Loss arising on change in fair value of financial assets at fair value through profit or loss		<b>(429,545)</b>	(1,202,105)
Selling and distribution expenses		<b>(5,485,066)</b>	(7,470,344)
Administrative expenses		<b>(32,748,617)</b>	(28,264,397)
Other operating expenses		<b>(345,209)</b>	(576,915)
Profit from operations	6	<b>68,393,499</b>	64,164,857
Finance costs	7	<b>(3,891,252)</b>	(4,417,704)
Share of results of associates		<b>3,137,062</b>	1,193,320
Profit before tax		<b>67,639,309</b>	60,940,473
Income tax expense	8	<b>(2,030,265)</b>	(1,897,230)
Profit for the period		<b>65,609,044</b>	59,043,243
Profit attributable to:			
Owners of the Company		<b>63,571,361</b>	57,972,378
Non-controlling interests		<b>2,037,683</b>	1,070,865
		<b>65,609,044</b>	59,043,243
Earnings per share			
Basic and diluted	10	<b>29.24 cents</b>	26.66 cents

Details of dividends payable to owners of the Company are set out in note 9.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	<b>Six months ended 30 September</b>	
	<b>2013</b>	2012
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Profit for the period	<b>65,609,044</b>	59,043,243
<b>Other comprehensive income:</b>		
Items that may be subsequently reclassified to profit or loss:		
Exchange difference on translation of financial statements of overseas subsidiaries	<b>3,416,239</b>	(1,802,359)
Share of exchange reserve of associates	–	(9,946)
Available-for-sale financial assets:		
Gain arising on change in fair value	<b>890,061</b>	1,565,448
Reclassification adjustments relating to disposal of available-for-sale financial assets	–	137,777
Total comprehensive income for the period	<b><u>69,915,344</u></b>	<u>58,934,163</u>
Total Comprehensive income for the period attributable to:		
Owners of the Company	<b>67,845,503</b>	57,688,350
Non-controlling interests	<b>2,069,841</b>	1,245,813
	<b><u>69,915,344</u></b>	<u>58,934,163</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	Notes	30 September 2013 HK\$ (Unaudited)	31 March 2013 HK\$ (Audited)
<b>NON-CURRENT ASSETS</b>			
Investment properties	11	<b>754,793,104</b>	698,932,545
Property, Plant and equipment	12	<b>166,538,751</b>	168,547,740
Leasehold land and land use right		<b>13,234,807</b>	13,202,763
Interests in associates		<b>75,302,539</b>	72,142,198
Available-for-sale financial assets		<b>32,497,826</b>	31,607,766
Intangible assets		<b>3,702,706</b>	3,702,706
Other assets		<b>3,130,490</b>	3,836,217
		<b>1,049,200,223</b>	991,971,935
<b>CURRENT ASSETS</b>			
Inventories		<b>65,295,356</b>	80,863,250
Trade and other receivables	13	<b>191,277,844</b>	202,146,440
Loan receivable	14	<b>19,000,000</b>	–
Financial assets at fair value through profit or loss	15	<b>8,300,250</b>	8,729,795
Deposits and prepayments		<b>5,985,544</b>	5,159,529
Amount due from a related company		–	2,891
Tax prepaid		<b>994,598</b>	432,917
Time deposits		<b>4,100,000</b>	4,100,000
Trust accounts of shares dealing clients		<b>71,713,903</b>	72,436,280
Cash and bank balances		<b>43,869,786</b>	25,071,820
		<b>410,537,281</b>	398,942,922
<b>CURRENT LIABILITIES</b>			
Amount due to an associate		<b>530,209</b>	394,619
Trade and other payables	17	<b>137,362,708</b>	130,838,382
Amounts due to related companies		–	23,473
Bank loans and overdrafts	16	<b>157,835,584</b>	153,290,043
Taxation		<b>3,517,158</b>	1,656,786
		<b>299,245,659</b>	286,203,303
<b>NET CURRENT ASSETS</b>		<b>111,291,622</b>	112,739,619
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,160,491,845</b>	1,104,711,554

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 September 2013

		<b>30 September 2013 HK\$ (Unaudited)</b>	31 March 2013 HK\$ (Audited)
	Notes		
<b>NON-CURRENT LIABILITIES</b>			
Bank Loans	16	<b>152,869,676</b>	160,417,428
Amount due to a non-controlling interest		<b>2,835,000</b>	2,835,000
Deferred tax liabilities		<b>1,933,342</b>	1,998,077
		<b>157,638,018</b>	165,250,505
<b>NET ASSETS</b>			
		<b>1,002,853,827</b>	939,461,049
<b>CAPITAL AND RESERVES</b>			
Share capital	18	<b>217,418,850</b>	217,418,850
Reserves		<b>771,158,054</b>	709,835,117
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
		<b>988,576,904</b>	927,253,967
Non-controlling interests		<b>14,276,923</b>	12,207,082
<b>TOTAL EQUITY</b>			
		<b>1,002,853,827</b>	939,461,049

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the months ended 30 September 2013

	ATTRIBUTABLE TO OWNERS OF THE COMPANY									
	SHARE CAPITAL	PROPERTY REVALUATION RESERVE		AVAILABLE-FOR-SALE SECURITIES REVALUATION RESERVE		RETAINED EARNINGS	SUBTOTAL	NON-CONTROLLING INTERESTS		TOTAL EQUITY
		HK\$	HK\$	HK\$	HK\$			HK\$	HK\$	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
At 1 April 2013	217,418,850	3,178,526	49,830,454	(4,445,175)	661,271,312	927,253,967	12,207,082	939,461,049		
Profit for the period	-	-	-	-	63,571,361	63,571,361	2,037,683	65,609,044		
Other comprehensive income for the period	-	-	3,384,081	890,061	-	4,274,142	32,158	4,306,300		
Total comprehensive income for the period	-	-	3,384,081	890,061	63,571,361	67,845,503	2,069,841	69,915,344		
Dividends paid	-	-	-	-	(6,522,566)	(6,522,566)	-	(6,522,566)		
At 30 September 2013	217,418,850	3,178,526	53,214,535	(3,555,114)	718,320,107	988,576,904	14,276,923	1,002,853,827		
At 1 April 2012	217,418,850	3,178,526	49,754,668	(9,350,206)	522,481,307	783,483,145	10,540,545	794,023,690		
Profit for the period	-	-	-	-	57,972,378	57,972,378	1,070,865	59,043,243		
Other comprehensive income for the period	-	-	(1,987,253)	1,703,225	-	(284,028)	174,948	(109,080)		
Total comprehensive income for the period	-	-	(1,987,253)	1,703,225	57,972,378	57,688,350	1,245,813	58,934,163		
Dividends paid	-	-	-	-	(6,522,566)	(6,522,566)	-	(6,522,566)		
At 30 September 2012	217,418,850	3,178,526	47,767,415	(7,646,981)	573,931,119	834,648,929	11,786,358	846,435,287		

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT***For the six months ended 30 September 2013*

	<b>Six months ended 30 September</b>	
	<b>2013</b>	2012
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Net cash generated from (used in) operating activities	<b>44,158,606</b>	(52,338,243)
Net cash used in investing activities	<b>(13,869,615)</b>	(161,381)
Net cash (used in) generated from financing activities	<b>(4,348,883)</b>	24,325,208
Net increase (decrease) in cash and cash equivalents	<b>25,940,108</b>	(28,174,416)
Cash and cash equivalents at the beginning of the period	<b>16,140,266</b>	60,940,600
Effect of foreign exchange rate changes	<b>1,789,412</b>	(2,946,561)
Cash and cash equivalents at the end of the reporting period	<b>43,869,786</b>	29,819,623
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<b>43,869,786</b>	32,423,885
Bank overdrafts	-	(2,604,262)
	<b>43,869,786</b>	29,819,623



## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the six months ended 30 September 2013*

### **1. BASIS OF PREPARATION**

The unaudited condensed consolidated financial statements ("Interim Financial Statements") have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Interim Financial Statements have been prepared on the historical cost basis, except for investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss, which are measured at fair value.

The Interim Financial Statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2013.

The Interim Financial Statements as presented in Hong Kong dollars ("HK\$") which is also the functional currency of the Company.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013, except as described below.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”), issued by the HKICPA, which are effective for the Group’s financial year beginning from 1 April 2013. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 – 2011 Cycle Issued in June 2012
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised)	Employee Benefits
HKAS 27 (Revised)	Separate Financial Statements
HKAS 28 (Revised)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

**HKAS 1 (Amendments) “Presentation of Items of Other Comprehensive Income”**

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a “statement of comprehensive income” may be renamed as a “statement of profit or loss and other comprehensive income” and an “income statement” may be renamed as a “statement of profit or loss”. However, since the new terminology under amendments to HKAS 1 is not mandatory and the directors of the Company determine to remain using the titles of “income statement” and “statement of comprehensive income”.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**HKAS 1 (Amendments) "Presentation of Items of Other Comprehensive Income"**  
*(Continued)*

In addition, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on the condensed consolidated income statement and the condensed consolidated statement of comprehensive income.

**HKFRS 10 "Consolidated Financial Statements"**

HKFRS 10 replaces the requirements in HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK – SIC 12 "Consolidation – Special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

**HKFRS 13 "Fair value measurement"**

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)***HKFRS 13 "Fair value measurement"** *(Continued)*

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to few exceptions. HKFRS 13 contains a new definition for "fair value" and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. The application of HKFRS 13 has no impact to the fair value measurements of the Group's assets and liabilities.

Except as described above, the application of the new or revised HKFRSs has no material impact on the Interim Financial Statements for the current and prior period.

The Group has not early adopted the following new or revised HKFRSs that have been issued but are not yet effective:

HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>2</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities <sup>1</sup>
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HK(IFRIC) – Int 21	Levies <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**HKFRS 13 "Fair value measurement"** *(Continued)*

The directors of the Company are currently assessing the impact of these new HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's result of operations and financial position for the future.

**3. SEGMENT INFORMATION**

The directors of the Company consider the business from both a geographic and product perspective. From a geographic and product perspective, the directors of the Company assess as the performance of property investments and development/hotel, manufacturing and distribution of plastics packaging materials and stock broking, futures and finance.

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

Property investments and development/hotel	:	Provision of hotel services and leasing of rental properties in Hong Kong and the PRC
Manufacturing and distribution of plastics packaging materials	:	Production and distribution of plastics bags and plastics packaging materials
Stock broking, futures and finance	:	Securities investment, futures dealing, provision of financial investment services and in trading securities

## 3. SEGMENT INFORMATION (Continued)

## (I) Segment revenues and results

	Six months ended 30 September 2013			
	Property	Manufacturing	Stock broking,	Consolidated
	investments and	and distribution	futures and	
	development/hotel	of plastics	finance	
HK\$	of plastics	HK\$	HK\$	
(Unaudited)	packaging	(Unaudited)	(Unaudited)	
	materials			
	HK\$			
	(Unaudited)		(Unaudited)	
Segment revenue	<u>22,609,252</u>	<u>145,217,555</u>	<u>9,740,998</u>	<u>177,567,805</u>
Segment results	9,585,842	542,090	2,405,008	12,532,940
Gain arising on change in fair value of investment properties	<u>55,860,559</u>	-	-	<u>55,860,559</u>
Profit from operations	65,446,401	542,090	2,405,008	68,393,499
Unallocated finance costs				(3,891,252)
Share of results of associates				<u>3,137,062</u>
Profit before tax				67,639,309
Unallocated income tax expense				<u>(2,030,265)</u>
Profit for the period				<u><u>65,609,044</u></u>

**3. SEGMENT INFORMATION** (Continued)**(I) Segment revenues and results** (Continued)

	Six months ended 30 September 2012			
	Property investments and development/hotel HK\$ (Unaudited)	Manufacturing and distribution of plastics packaging materials HK\$ (Unaudited)	Stock broking, futures and finance HK\$ (Unaudited)	Consolidated HK\$ (Unaudited)
Segment revenue	21,581,717	174,042,041	8,094,246	203,718,004
Segment results	10,478,175	762,389	(1,621,423)	9,619,141
Gain arising on change in fair value of investment properties	54,545,716	-	-	54,545,716
Profit (loss) from operations	65,023,891	762,389	(1,621,423)	64,164,857
Unallocated finance costs				(4,417,704)
Share of results of associates				1,193,320
Profit before tax				60,940,473
Unallocated income tax expense				(1,897,230)
Profit for the period				59,043,243

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results are measured consistently with the Group's profit except that finance costs, share of results of associates and income tax expenses are excluded from such measurement. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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

**3. SEGMENT INFORMATION** *(Continued)*
**(II) Segment assets and liabilities**

	Property investments and development/hotel		Manufacturing and distribution of plastic packaging materials		Stock broking future and finance		Consolidated	
	30 September 2013 (Unaudited)	31 March 2013 (Audited)	30 September 2013 (Unaudited)	31 March 2013 (Audited)	30 September 2013 (Unaudited)	31 March 2013 (Audited)	30 September 2013 (Unaudited)	31 March 2013 (Audited)
<b>Assets</b>								
Segment assets	849,616,456	759,812,480	254,591,987	277,526,510	279,231,924	281,000,752	1,383,440,367	1,318,339,742
Unallocated corporate assets							76,297,137	72,575,115
Total assets							1,459,737,504	1,390,914,857
<b>Liabilities</b>								
Reportable segment liabilities	18,779,179	12,028,608	36,077,757	30,703,886	85,870,981	91,358,980	140,727,917	134,091,474
Unallocated corporate liabilities							316,155,760	317,362,334
Consolidated liabilities							456,883,677	451,453,808

For the purposes of monitoring segment performance and resources allocation between segments:

- all assets are allocated to reportable segments, other than interests in associates and tax prepaid; and
- all liabilities are allocated to reportable segments, other than bank loans and overdrafts, taxation and deferred tax liabilities.



3. SEGMENT INFORMATION (Continued)

(III) Geographical segment

	<b>Turnover</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Hong Kong	<b>52,427,156</b>	44,850,063
North America	<b>20,658,666</b>	23,635,646
Oceania	<b>13,286,480</b>	15,001,832
Europe	<b>18,120,482</b>	14,208,506
PRC	<b>26,459,808</b>	48,321,891
Other Asian countries	<b>46,615,213</b>	57,700,066
	<b>177,567,805</b>	203,718,004

	<b>Non-current assets</b>	
	<b>30 September</b>	31 March
	<b>2013</b>	2013
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Hong Kong	<b>881,504,503</b>	829,760,731
PRC	<b>107,766,358</b>	102,819,753
	<b>989,270,861</b>	932,580,484

Note: Non-current assets excluded financial instruments. The geographical location of the specified non-current assets is based on the physical location of the asset, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interests in associates.

**4. TURNOVER**

	<b>Six months ended 30 September</b>	
	<b>2013</b>	2012
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Sale of goods	<b>145,217,555</b>	174,042,041
Gross rental income	<b>10,052,909</b>	10,196,829
Brokerage commission	<b>9,062,995</b>	7,775,384
Hotel income	<b>12,556,343</b>	11,384,888
Dividend income		
– Listed equity securities	<b>678,003</b>	318,862
	<b>177,567,805</b>	203,718,004

**5. OTHER REVENUE AND OTHER INCOME**

	<b>Six months ended 30 September</b>	
	<b>2013</b>	2012
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Interest income	<b>6,289,720</b>	3,472,122
Other income ( <i>Note</i> )	<b>2,427,433</b>	1,281,688
Reversal of impairment loss recognised in respect of trade receivables	<b>71,813</b>	71,124
Gain on disposal of property, plant and equipment	<b>–</b>	81,599
	<b>8,788,966</b>	4,906,533

Note: Other income mainly comprised of income from sale of scrap materials, other securities income and other ancillary hotel revenue.

**6. PROFIT FROM OPERATIONS**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Profit from operations has been arrived at after charging (crediting):		
Cost of inventories sold	<b>103,364,297</b>	128,694,809
Impairment loss recognised in respect of trade receivables	<b>1,729,883</b>	76,839
Exchange loss	<b>165,964</b>	398,110
Fair value loss (gain), net:		
– Available-for-sale financial assets	<b>(890,061)</b>	(1,565,448)
– Financial assets at fair value through profit or loss	<b>429,545</b>	1,202,105
Staff costs (including directors' remuneration)		
Salaries, wages and allowances	<b>25,832,075</b>	26,371,731
Staff benefits	<b>1,026,098</b>	1,531,157
Defined contribution plans	<b>418,094</b>	397,047
	<b>27,276,267</b>	28,299,935
Operating lease rental in respect of office premises	<b>2,029,309</b>	1,898,754
Amortisation of leasehold land and land use right	<b>193,377</b>	139,282
Depreciation of property, plant and equipment	<b>6,119,422</b>	7,068,574
Gross rental income from investment properties	<b>(10,052,909)</b>	(10,196,829)
Less: Direct outgoing expenses from investment properties that generated rental income during the period	<b>8,740</b>	6,660
	<b>(10,044,169)</b>	(10,190,169)

**7. FINANCE COSTS**

	<b>Six months ended 30 September</b>	
	<b>2013</b>	2012
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Interests on:		
Bank loans and overdrafts wholly repayable:		
within five years	<b>1,326,638</b>	1,601,863
over five years	<b>2,081,785</b>	1,810,352
Amounts due to related companies	<b>209,833</b>	260,845
Other borrowings	<b>2,422</b>	2,592
Bank charges	<b>270,574</b>	742,052
	<b>3,891,252</b>	4,417,704

**8. INCOME TAX EXPENSE**

	<b>Six months ended 30 September</b>	
	<b>2013</b>	2012
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	<b>2,095,000</b>	1,625,799
Under provision:		
Hong Kong Profits Tax	–	137,617
Deferred tax:		
Current period	<b>(64,735)</b>	133,814
Total income tax expense recognised	<b>2,030,265</b>	1,897,230

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2012: 16.5%) on the estimated assessable profit for the period.

**8. INCOME TAX EXPENSE** *(Continued)*

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% (six months ended 30 September 2012: 25%).

No PRC Enterprise Income Tax is payable on the profit for both period arising in the PRC since the assessable profit is wholly absorbed by tax losses brought forward.

**9. DIVIDENDS**

A final dividend relating to the year ended 31 March 2013 amounting to HK\$6,522,566 was fully paid in September 2013.

The board does not declare the payment of an interim dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: Nil).

**10. EARNINGS PER SHARE**

The calculation of the basic and diluted earnings per share is based on the profit attributable to owners of the Company of HK\$63,571,361 (six months ended 30 September 2012: HK\$57,972,378) and on the weighted average number of 217,418,850 (six months ended 30 September 2012: 217,418,850) ordinary shares in issue during the period.

**11. INVESTMENT PROPERTIES**

(Unaudited)

HK\$

**Fair Value**

At 1 April 2012 544,474,958

Gain arising on change in fair value 154,457,587

At 31 March 2013 and at 1 April 2013 698,932,545

Gain arising on change in fair value 55,860,559

**At 30 September 2013**

**754,793,104**

**11. INVESTMENT PROPERTIES** *(Continued)*

The fair value of the Group's investment properties at the end of the reporting period have been arrived at on the basis of a valuation carried out on that date by Messrs. K.T. Liu Surveyors Limited is a member of The Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs and/or by reference to market evidence of transaction prices for similar properties.

All of the Group's property interests held to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

The Group's investment properties with carrying amount of HK\$491,080,000 (31 March 2013: HK\$465,000,000) have been pledged to secure general banking facilities granted to the Group.

The carrying amount of investment properties shown above comprises:

	<b>30 September 2013 HK\$ (Unaudited)</b>	31 March 2013 HK\$ (Audited)
Inside Hong Kong, held under Medium-term lease	<b>750,080,000</b>	694,740,000
Outside Hong Kong, held under Medium-term lease	<b>4,713,104</b>	4,192,545
	<b>754,793,104</b>	698,932,545

**12. PROPERTY, PLANT AND EQUIPMENT**

During the period, the Group acquired items of Property, plant and equipment with a cost of HK\$2,543,065 (six months ended 30 September 2012: HK\$3,682,076).

### 13. TRADE AND OTHER RECEIVABLES

The Group's trade receivables arose from (i) property investments and development/hotel, (ii) manufacturing and distribution of plastic packaging materials, and (iii) stock broking, futures and finance for the period ended 30 September 2013 and for the year ended 31 March 2013.

	<b>30 September 2013 HK\$ (Unaudited)</b>	31 March 2013 HK\$ (Audited)
Trade receivables from:		
– Clearing house and cash clients	<b>32,904,355</b>	30,682,074
– Secured margin clients	<b>106,211,237</b>	114,734,749
– Other customers	<b>40,098,296</b>	42,374,161
	<b>179,213,888</b>	187,790,984
Less: Allowance for doubtful debts	<b>(8,032,448)</b>	(6,311,404)
	<b>171,181,440</b>	181,479,580
Other receivables	<b>20,096,404</b>	20,666,860
	<b>191,277,844</b>	202,146,440

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

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

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

Room guests are requested to settle all outstanding balances before they check out. Normally, upon check-in, the Group will request its room guests for cash deposit or credit card debit authorisation. Other than that, the Group does not obtain any other collateral from its room guests.

**13. TRADE AND OTHER RECEIVABLES** *(Continued)*

Other receivables comprised of life insurance plan and receivable from disposal of plant and machinery.

The aging analysis of the trade receivables (net of allowance on bad and doubtful debts) at the reporting date, presented based on the invoice date as follows:

	<b>30 September 2013 HK\$ (Unaudited)</b>	31 March 2013 HK\$ (Audited)
0 – 30 days	<b>53,299,222</b>	29,194,331
31 – 60 days	<b>3,709,918</b>	25,980,373
Over 60 days	<b>7,961,063</b>	11,570,127
	<b><u>64,970,203</u></b>	<u>66,744,831</u>

Included in trade receivables, HK\$106,211,237 (net of allowance on bad and doubtful debts) (31 March 2013: HK\$114,734,749) are advance to margin clients, which are secured by client's listed securities held by the Group as collateral and are interest bearing. The amount of credit facilities granted to margin clients is determined by discounted market value of the collateral securities accepted by the Group. As at 30 September 2013, the total market value of securities pledged as collateral by the customers in respect of the advances to customers is HK\$191,755,980 (31 March 2013: HK\$153,356,936). No aging analysis is disclosed as, in the opinion of the directors, an ageing analysis is not meaningful in view of the revolving nature of the business of securities margin financing.

Included in the allowance for doubtful debts are individually impaired trade receivable with an aggregate balance of HK\$1,729,883 (six months ended 30 September 2012: HK\$76,839) which are past due at the end of the reporting period. The allowance for doubtful debts recognised because there has been a significant change in credit quality and the amounts are considered irrecoverable.



**14. LOAN RECEIVABLE**

During the period, the Company entered into an agreement with a third party (the “Borrower”) and agreed to provide a mortgage loan (the “Loan”) with an amount of HK\$19,000,000 to the Borrower. Under the terms of the loan agreement, the Borrower had provided two properties and a personal guarantee with unlimited amount to the Company for securing the Loan. The Loan bears interest at Hong Kong dollar prime rate, quoted by Hang Seng Bank Limited, and Loan interest is repayable by 60 consecutive months during Loan period. The Loan principal will be repaid on or before 29 April 2018 and contains a clause of repayable on demand and thus classified as current assets.

**15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>30 September 2013 HK\$ (Unaudited)</b>	31 March 2013 HK\$ (Audited)
Trading Securities listed in Hong Kong	<b><u>8,300,250</u></b>	<u>8,729,795</u>

The above securities were classified as held-for-trading and the fair values were determined with reference to quoted market bid prices at the end of the reporting period.

The Group’s financial assets at fair value through profit or loss with carrying amounts of HK\$8,167,050 (31 March 2013: HK\$3,216,300) have been pledged to secure general banking facilities granted to the Group.

**16. BANK LOANS AND OVERDRAFTS**

	<b>30 September 2013 HK\$ (Unaudited)</b>	31 March 2013 HK\$ (Audited)
Secured bank overdrafts	–	8,931,554
Secured bank loans	<b>300,705,261</b>	294,775,917
Unsecured bank loans	<b>10,000,000</b>	10,000,000
	<b><u>310,705,261</u></b>	<u>313,707,471</u>
Carrying amounts repayable:		
Within one year	<b>157,835,584</b>	153,290,043
More than one year, but not exceeding two years	<b>14,203,016</b>	14,655,986
More than two years, but not exceeding five years	<b>43,155,026</b>	43,010,109
Over five years	<b>95,511,634</b>	102,751,333
	<b><u>310,705,260</u></b>	<u>313,707,471</u>
Less: Amounts due within one year shown under current liabilities	<b><u>(157,835,584)</u></b>	<u>(153,290,043)</u>
Amounts shown under non-current liabilities	<b><u>152,869,676</u></b>	<u>160,417,428</u>

The secured bank loans and bank overdrafts were secured by the Group's assets as described in note 19 and bear interest rate at rates ranging from 1.6% to 3% (31 March 2013: 1.7% to 5.25%) per annum.

The unsecured bank loans carrying interest rate at HIBOR plus 1.5% (31 March 2013: HIBOR plus 1.5%) per annum.

At 30 September 2013, the Group had secured bank loans with the amount of HK\$2,300,000 (31 March 2013: HK\$5,450,000) that granted under the Special Loan Guarantee Scheme of the government of the Hong Kong Special Administrative Region ("HKSAR"). The government of HKSAR had provided a guarantee with the amount of HK\$10,800,000 in both period to the Group.

## 17. TRADE AND OTHER PAYABLES

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

	<b>30 September 2013 HK\$ (Unaudited)</b>	31 March 2013 HK\$ (Audited)
Trade payables to:		
– Clearing house and cash clients	<b>65,197,544</b>	79,408,338
– Secured margin clients	<b>15,912,285</b>	8,287,890
– Others	<b>19,657,295</b>	16,146,128
	<hr/>	<hr/>
	<b>100,767,124</b>	103,842,356
Other payables	<b>36,595,584</b>	26,996,026
	<hr/>	<hr/>
	<b>137,362,708</b>	130,838,382
	<hr/> <hr/>	<hr/> <hr/>

The aging analysis of the Group's trade payables at the reporting date is as follows:

	<b>30 September 2013 HK\$ (Unaudited)</b>	31 March 2013 HK\$ (Audited)
0 –30 days	<b>94,904,988</b>	99,850,857
31 – 60 days	<b>5,064,801</b>	3,239,550
Over 60 days	<b>797,335</b>	751,949
	<hr/>	<hr/>
	<b>100,767,124</b>	103,842,356
	<hr/> <hr/>	<hr/> <hr/>

Included in trade and other payables of HK\$65,197,544 (31 March 2013: HK\$79,408,338) are amounts payable to cash clients and clearing house which would be due within 30 days.

**18. SHARE CAPITAL**

	<b>30 September 2013 HK\$ (Unaudited)</b>	31 March 2013 HK\$ (Audited)
<b>Authorised:</b>		
500,000,000 ordinary shares of HK\$1 each	<b>500,000,000</b>	500,000,000
<b>Issued and fully paid:</b>		
217,418,850 ordinary shares of HK\$1 each	<b>217,418,850</b>	217,418,850

**19. PLEDGE OF ASSETS**

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group, set out in note 16:

	<b>30 September 2013 HK\$ (Unaudited)</b>	31 March 2013 HK\$ (Audited)
Investment properties	<b>491,080,000</b>	465,000,000
Buildings	<b>72,167,536</b>	73,812,477
Available-for-sales financial assets	<b>30,350,227</b>	20,653,266
Financial assets at fair value through profit or loss	<b>8,167,050</b>	3,216,300
Time deposits	<b>4,100,000</b>	4,100,000
	<b>605,864,813</b>	566,782,043

**20. OPERATING LEASES**

**As lessee**

	<b>30 September 2013 HK\$ (Unaudited)</b>	31 March 2013 HK\$ (Audited)
Minimum lease payments paid under operating leases during the period:		
Office premises	<b><u>2,029,309</u></b>	<u>3,821,432</u>

As at 30 September 2013, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises to make payment in the following periods as follows:

	<b>30 September 2013 HK\$ (Unaudited)</b>	31 March 2013 HK\$ (Audited)
Within one year	<b>2,308,200</b>	2,240,129
in the second to fifth year inclusive	<b><u>1,223,252</u></b>	<u>707,004</u>
	<b><u>3,531,452</u></b>	<u>2,947,133</u>

**20. OPERATING LEASES** *(Continued)*
**As lessor**

Property rental income earned during the period was HK\$10,052,909 (six months ended 30 September 2012: HK\$10,196,829). All of the investment properties held by the Group are for rental purposes and are expected to generate annual rental yields of 1% to 10% (six months ended 30 September 2012: 1% to 10%) on an ongoing basis respectively. All of the properties held have committed tenants for the next 2 years.

As at 30 September 2013, the Group had contracted with tenants for the following future minimum lease payments:

	<b>30 September 2013 HK\$ (Unaudited)</b>	31 March 2013 HK\$ (Audited)
Within one year	<b>22,211,034</b>	13,318,696
in the second to fifth year inclusive	<b>18,157,206</b>	9,849,355
	<b>40,368,240</b>	23,168,051

## 21. RELATED PARTIES TRANSACTIONS

During the period, in addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following transactions with related parties at normal commercial terms:

	<b>Six months ended 30 September</b>	
	<b>2013</b>	2012
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
(i) Payment to a company in which the Chairman of the Group has controlling interest – rental expenses	<b>463,038</b>	413,424
(ii) Interest payment to related companies in which the Chairman has controlling interest	<b>209,833</b>	307,695
(iii) Remuneration of the other key management personnel was disclosed as follows:		
Short-term employee benefits	<b>1,537,306</b>	1,262,044
MPF contribution	<b>45,900</b>	44,102
(iv) Remuneration paid to close family members of key management personnel	<b>244,794</b>	334,220
	<b>4,490,761</b>	4,366,485

## 22. CONTINGENT LIABILITIES

- (a) In 2008, the constructor for the hotel renovation works claimed against the Company and SAP Realty Company Limited (“SAR”), a wholly owned subsidiary of the Group for an overdue balance of HK\$5,009,115. However, SAR has made a counter claim to that constructor for the amount overpaid to him of HK\$5,459,314, having taken into account the cost and the expenses incurred by SAR to rectify the defect in the works and the loss and damage caused by the constructor’s failure to complete the works on time.

Up to the date of this report, the outcome of the proceedings is still uncertain. As the directors of the Company considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liability, if any, will not have a material adverse impact on the Group’s financial position, no provision was made as of 30 September 2013 and 31 March 2013.

**22. CONTINGENT LIABILITIES** *(Continued)*

(b) Furthermore, in 2009 a constructor of the renovation works of a director’s quarters owned by K.W. & Associates Company Limited, a wholly owned subsidiary of the Company, has demanded settlement from the subsidiary of an overdue balance of HK\$1,567,380, of which HK\$724,600 has been recognised as a liability in the statement of financial position of that subsidiary. However, the subsidiary has counter-claimed for the rectification cost of about HK\$820,000 caused by the defects in the constructor’s works.

Up to the date of this report, the outcome of the claims is still uncertain. As the directors of the Company considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liability, if any, will not have a material adverse impact on the Group’s financial position, no further provision was made at 30 September 2013 and 31 March 2013.

**23. CAPITAL COMMITMENTS**

	<b>30 September 2013 HK\$ (Unaudited)</b>	31 March 2013 HK\$ (Audited)
Contracted for but not provided in the financial statement in respect of factory renovation and purchase of machines	<b>1,484,726</b>	391,666

**24. EVENTS AFTER THE REPORTING PERIOD**

No significant events took place subsequent to 30 September 2013.

**25. APPROVAL AND AUTHORISATION FOR ISSUE OF INTERIM FINANCIAL STATEMENTS**

The Interim Financial Statements was approved and authorised for issue by the Board of Directors on 28 November 2013.



## **INTERIM RESULTS**

During this period, the Group's turnover was HK\$177.6 million (2012: HK\$203.7 million). The profit before tax for the period was HK\$67.6 million (2012: HK\$60.9 million), representing an increase of 11% over the comparable figure of last year. This increase in profit before tax was primarily attributable to the increase in gain arising on change in fair value of the Group's investment properties of HK\$1.3 million, increase in other revenue and other income of HK\$3.9 million and increase in share of results of associates of HK\$1.9 million as compared to the same period of last year. Profit attributable to owners of the Company for the first half of the year amounted to HK\$63.6 million (2012: HK\$58 million).

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: Nil).

A dividend of HK\$6,522,566 proposed for the year ended 31 March 2013 was paid in September 2013 (2012: HK\$6,522,566).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

#### *Property Investment and Development/Hotel*

Property investment and development/hotel segment includes property investment and development business and provision of hotel services in Hong Kong and China. Turnover of the business increased 4.6% to HK\$22.6 million (2012: HK\$21.6 million) while the segment profit was HK\$9.6 million (2012: HK\$10.5 million). Including the gain arising on change in fair value of investment properties, the operating profit was HK\$65.4 million for the six months ended 30 September 2013 (2012: HK\$65 million).

(i) Property Investment and Development

The Group's investment properties, namely, the shops on the Ground Floor of Hotel Benito, the office unit in Silvercord at Tsimshatsui, the whole block of Nan Sing Industrial Building and the office/warehouse units in Kwai Tak Industrial Centre at Kwai Chung, together with the office units in Chao Shan Building and the residential property in Ming Yue Hua Yuan at Shenzhen, were all leased out and generated steady rental income for the Group during the period. The Group's rental income amounted to HK\$10.1 million (2012: HK\$10.2 million). For the six months ended 30 September 2013, the Group's investment properties recorded a gain arising on change in fair value of HK\$55.9 million (2012: HK\$54.5 million).

(ii) Hotel

Visitors to Hong Kong and total room supply continue to grow in 2013. Thanks to the advantages of its prime location, Hotel Benito has exhibited a moderate increase in occupancy, average room rates and overall gross operation margin for the six months ended 30 September 2013. During the period, total revenue of the Hotel reached HK\$12.6 million (2012: HK\$11.4 million), representing a growth of 10.5% for the same period of last year.

*Manufacturing and Distribution of Plastic Packaging Materials*

During the period, the business recorded a turnover of HK\$145.2 million (2012: HK\$174 million) representing a drop of 16.6% from the same period last year. The decrease in turnover was mainly due to the devaluation of the yen affecting Japan's importers sentiment coupled with tighter control in pricing to protect products margins. The Group did well to increase the gross margin of the business through improved product sales mix and conscientious cost management. However, the segment profit dropped to HK\$0.54 million (2012: HK\$0.76 million) due to the change in export tax policy in adopting a plan allocation rate based on a weighted average annual rate when calculating the "exemption, credit and rebate" amount coupled with the need to account for education supplementary tax and city maintenance and construction tax in previous financial years. Deducting the effect of above taxes, the segment should record a profit of HK\$5.7 million.

The weak growth across the developed world prompted many Asian countries to devalue their respective currencies to stimulate economic growth, thereby, putting immense pressure on Chinese exporters to compete globally. Manufacturing in Mainland China remained difficult with the ongoing appreciation of the Renminbi, the numerous

burdensome taxes and administrative fees coupled with the fast-inflating labor costs. Faced with such adverse business environment, our manufacturing business did well to weather the challenges ahead by tightening our operating expenses and streamlining our workforce.

The Group has been committed to building its brand and offering products of the best quality to customers. During the year, we have revamped our Nan Sing product brand identity with a “Live with more” tagline. It has embodied all our key products and condensed our pledge to our customers on added value – to go that extra mile to provide customers with that extra bit more. A unified brand image provided us a solid platform for future marketing campaigns to promote sales of our products and reinforcing our position in the disposable household goods market.

#### *Stock Broking, Futures and Finance*

Worldwide economy recovered gradually after the financial tsunami. Hang Seng Index hovered between 19,426 to 23,554 with high/low difference of 4,128 points during the period. Investors hesitated to enter the market due to market fluctuation. The average daily turnover of the Hong Kong stock market remained at a low level of around HK\$50 billion.

The volatility of the Hong Kong stock market was mainly caused by the tightening monetary policy of The People’s Bank of China. Moreover, the US Federal Reserve’s decision in mid September to maintain the pace of its US\$85 billion monthly bond purchases surprised the market as participants expected the central bank to start winding down the program. With rising turnover contributed from increased number of account executives in the stock broking business, gross brokerage commission received increased 25.5% to HK\$5.9 million during the six months ended 30 September 2013 (2012: HK\$4.7 million) while interest earned from margin clients recorded an increase of 70.6% to HK\$5.8 million (2012: HK\$3.4 million). It was because more clients preferred to hold stock when market is at a low level.

Stockwell Commodities Limited, a wholly owned subsidiary of the Group, received gross brokerage commission of HK\$3.1 million for the period (2012: HK\$3.1 million). The loss arising on change in fair value of financial assets at fair value through profit and loss amounted to HK\$0.7 million (2012: loss HK\$1.2 million).

The turnover for stock broking, futures and finance business for the period increased to 9.7 million (2012 : HK\$8.1 million) while the segment profit was HK\$2.4 million (2012: loss HK\$1.6 million). The turnaround is primarily attributable to increased income from securities and margin business.

### **Capital Commitments**

As at 30 September 2013, the Group had capital commitment of HK\$1.5 million (31 March 2013: HK\$0.4 million) in respect of factory renovation and purchase of machines.

### **Liquidity and Financial Resources**

The Group takes a prudent 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 30 September 2013, cash and bank balances together with time deposits were HK\$48 million (31 March 2013: HK\$29.2 million) with trade and other receivables at HK\$191.3 million (31 March 2013: HK\$202.1 million). Trade and other payables were HK\$137.4 million (31 March 2013: HK\$130.8 million). The decreases in trade and other receivables were mainly attributed to decreased margin clients receivables in stock broking, futures and finance business.

As at 30 September 2013, the Group's bank borrowings decreased from HK\$313.7 million of the last year-end date to HK\$310.7 million of this period, in which the short-term borrowings amounted to HK\$157.8 million (31 March 2013: HK\$153.3 million) and long-term borrowings amounted to HK\$152.9 million (31 March 2013: HK\$160.4 million). The Group's current period net debt to equity ratio was 26.9% (31 March 2013: 31%), calculated on the basis of the Group's net borrowings (after bank balances and cash together with time deposit) over total equity attributable to owners of the Company. The decrease in the net debt to equity ratio was mainly due to the increase in balance of total equity attributable to owners of the Company caused by the increase of profit for the period.

### **Foreign Exchange Exposure**

To minimise exposure on foreign exchange fluctuations, the Group's borrowings are primarily denominated in Hong Kong dollars and United States dollars. The Group has no significant exposure to foreign exchange rate fluctuations. The management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure where appropriate.

### **Material Acquisitions and Disposals**

The Group had no material acquisitions or disposals of subsidiaries or associated companies during the six months ended 30 September 2013.

### **Capital Structure**

As at 30 September 2013, the Group's total equity attributable to owners of the Company amounted to HK\$988.6 million (31 March 2013: HK\$927.3 million). The Group's consolidated net assets per share as at 30 September 2013 was HK\$4.61 (31 March 2013: HK\$4.32).

### **Pledge of Assets**

Details of the Group's pledge of assets are set out in note 19 on page 27.

### **Contingent Liabilities**

Details of the Group's contingent liabilities are set out in note 22 on pages 30 and 31.

### **Employees and Remuneration Policies**

The Group had 565 employees as at 30 September 2013 (31 March 2013: 683). The remuneration policies are determined with reference to the market conditions and individual performance of staff.

## **STRATEGIES AND PROSPECTS**

As global economic condition remains unstable, the group's businesses will undoubtedly be affected. To cope with the uncertainties, we will cautiously review and adjust our business strategies from time to time.

### **Property Investment and Development**

In Hong Kong, the factors of low interest rate environment and the increase of individual visitors will continue to benefit the local property market. Rental income from the Group's investment properties is expected to remain stable while certain rental leases have been adjusted during contract renewal according to market conditions.

### **Hotel**

By March 2013, the total room supply in Hong Kong recorded an increase of 5,235 rooms representing 8.25% over the same period of last year. For the six months ended 30 September 2013, overnight visitors climbed to 13 million, an increase of 1.15 million representing 9.74% over the same period of last year. Out of these total arrivals, 8.9 million and 4.1 million were visitors from Mainland China and other countries respectively, representing an increase of 1.3 million and a decrease of 0.15 million respectively as compared to the same period of last year. Although the increase of overnight visitors benefits the hotel industry in Hong Kong, the continued increase of lodging supply will exacerbate the fierce competition in the industry. Hotel Benito would secure her positioning by rendering to her valued guests high quality of service but at reasonable price.

### **Manufacturing and Distribution of Plastics Packaging Materials**

Operating environment will remain challenging as operating costs such as wages and raw materials costs continue to surge coupled with the appreciation of the Renminbi. In order to face the challenges ahead amid intense competition, the Group will continue to advance in the value chain with a focus on product quality and added value. We will embrace technological innovation as its core competence, focus on customers' needs when planning development direction and improve our operational efficiency and effectiveness to drive profitable growth.

With the tagline “Live with more”, comprehensive marketing campaigns will be conducted to promote sales of our products. We will formulate expansion strategies to deepen our penetration in existing cities and widening our territorial foothold to other provinces and regions and broaden our disposable household goods portfolio. In addition, in order to extend the market coverage of our products, we will strengthen our control and supervision of the sales channels through more frequent inspections of the points of sale and product display at the shelves.

### **Stock Broking, Futures and Finance**

The flow of worldwide hot money to and from developing countries will continue to be affected by the schedule of the US QE program. Investors are also looking forward to the resolutions and policies of the Third Plenary Session of the 18th Communist party of China Central Committee held in November 2013.

Hong Kong Exchanges and Clearing Limited (HKEx) has upgraded the trading and clearing systems for its derivatives market to Genium INET, a new technology platform that provides better trade and clearing processing capability. In addition to the derivatives market’s system upgrade, HKEx introduced the Orion Market Data Platform to provide low-latency market data to the securities market. We will review and upgrade our computer equipment to ensure clients continue to enjoy high quality services.

Stockwell Commodities Limited has recommenced business in early 2012. We are now planning to launch worldwide commodities products in the forth quarter of 2014.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

During the period, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) except for the following deviations:

Mr. Chua Nai Tuen serves as the Chairman and also the chief executive officer of the Company. Pursuant to Code A.2.1, this is a deviation from the Code Provision with respect to the roles of Chairman and chief executive officer to be performed by different individuals. 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.4.1, non-executive directors should be appointed for a specific term. Currently, non-executive directors are not appointed for a specific term but they are subject to retirement by rotation under the articles of association of the Company. The deviation is deemed appropriate as the retirement by rotation has given the Company's Shareholders the right to approve or disapprove the continuation of the service of non-executive directors.

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 period, two non-executive directors were unable to attend the annual general meeting of the Company held on 23 August 2013 as they had other business engagements.

Moreover, the Company has established and adopted its Board Diversity Policy during the period in compliance with the Code A.5.6.

## **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" (the "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.



**DIRECTORS' INTERESTS IN SHARE CAPITAL**

As at 30 September 2013, Directors of the Company had the following beneficial interests, all being long positions, in the share capital of the Company, the subsidiaries and associate companies of the Company:

	Number of shares held				% of the Issued Share Capital (Note 1)
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
(a) The Company (Ordinary shares of HK\$1.00 per share)					
Mr. Chua Nai Tuen	2,402,158	-	84,884,445 (Note 2)	-	40.15
Mr. Chua Nai King	2,716,046	-	2,814,365 (Note 2)	16,910,355 (Note 3)	10.32
Mr. Nelson Junior Chua	1,173,800	-	-	-	0.54
Mr. Gilson Chua	1,239,031	-	-	-	0.57
Mr. Jimmy Siy Tiong	7,029,875	-	-	-	3.23
Mr. Rene Siy Chua	9,566,429	2,200	-	-	4.40
Mr. Samuel Siy Yap	1,410,678	-	-	-	0.65
Mr. Tsai Han Yung	4,976,029	-	-	-	2.29
Ms. Vivian Chua	1,000,000	-	-	-	0.46
(b) Nan Sing Plastics Limited (Ordinary shares of HK\$100.00 per share)					
Mr. Chua Nai Tuen	-	6,965	-	-	4.64
(c) Titan Dragon Properties Corporation (Capital stock of Peso1,000.00 per share)					
Mr. Chua Nai Tuen	7,200	13,600	4,000 (Note 2)	-	31.00
Mr. Jimmy Siy Tiong	1,600	-	-	-	2.00
Mr. Rene Siy Chua	6,400	-	-	-	8.00

*Note 1:* This percentage has been compiled based on the total number of shares of the Company in issue (i.e. 217,418,850 ordinary shares) as at 30 September 2013.

*Note 2:* The shares regarding 'Corporate interests' in which Messrs. Chua Nai Tuen and Chua Nai King were taken to be interested as stated above were the interests of corporations in general meetings of which they were either entitled to exercise (or were taken under Part XV of the Securities and Futures Ordinance (the "SFO") to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporations.

*Note 3:* The shares regarding 'Other Interests' against the name of Mr. Chua Nai King represented an interest comprised in trust properties in which Mr. Chua was taken, under provisions in Part XV of the SFO which are applicable to a director or chief executive of a listed company, to be interested.

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers:

- (a) there were no interests, both long and short positions, held as at 30 September 2013 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), and
- (b) there existed during the financial period no rights to subscribe for shares, underlying shares or debentures of the Company which were held by any of the Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial period of any such rights by any of them.

**SUBSTANTIAL SHAREHOLDERS' INTERESTS**

Given below are the names of all parties, other than persons who are Directors of the Company, which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at 30 September 2013 as recorded in the register kept by the Company under section 336 of the SFO:

	<b>No. of Ordinary Shares held</b>	<b>% of the Issued Share Capital (Note)</b>
J & N International Limited ("J & N")	53,136,808	24.44
Sonliet Investment Company Limited ("Sonliet")	31,747,637	14.60
HSBC International Trustee Limited ("HSBC")	16,910,355	7.77

*Note:* This percentage has been compiled based on the total number of shares of the Company in issue (i.e. 217,418,850 ordinary shares) as at 30 September 2013.

For the avoidance of doubts and double counting, it should be noted that J & N's and Sonliet's interests are entirely duplicated with Mr. Chua Nai Tuen's interests and HSBC's interests are entirely duplicated with Mr. Chua Nai King's interests as recorded in the preceding note.

All the interests stated above represented long positions and as at 30 September 2013, there were no short positions recorded in the said register.

## **DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES**

There is no change in the directors' information, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **AUDIT COMMITTEE**

The audit committee comprises four independent non-executive directors and two non-executive directors of the Company. The audit committee has reviewed with management, the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters, including a review of the unaudited condensed consolidated financial statements for the six months ended 30 September 2013, which is of opinion that such statements comply with the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period under review.

By Order of the Board

**CHUA NAI TUEN**

*Chairman and Managing Director*

Hong Kong, 28 November 2013

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