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**SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED**

**華信地產財務有限公司**

*(Incorporated in Hong Kong with limited liability)*

Stock Code: 252

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

**INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

**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 2014 as follows:

# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2014

		Six months ended 30 September	
	Notes	2014 HK\$ (Unaudited)	2013 HK\$ (Unaudited)
Turnover	4	277,777,461	177,567,805
Cost of sales		<u>(230,837,062)</u>	<u>(134,815,394)</u>
Gross profit		46,940,399	42,752,411
Other revenue and other income	5	9,999,003	8,788,966
Gain arising on change in fair value of investment properties		35,328,153	55,860,559
Gain on disposal of investment property		107,714,185	–
Gain (loss) arising on change in fair value of financial assets at fair value through profit or loss		1,079,639	(429,545)
Selling and distribution expenses		(4,531,617)	(5,485,066)
Administrative expenses		(30,191,422)	(32,748,617)
Other operating expenses		<u>(466,607)</u>	<u>(345,209)</u>
Profit from operations	6	165,871,733	68,393,499
Finance costs	7	(3,882,274)	(3,891,252)
Share of results of associates		<u>342,511</u>	<u>3,137,062</u>
Profit before tax		162,331,970	67,639,309
Income tax expense	8	<u>(2,169,964)</u>	<u>(2,030,265)</u>
Profit for the period		<u><u>160,162,006</u></u>	<u><u>65,609,044</u></u>
Profit attributable to:			
Owners of the Company		154,801,247	63,571,361
Non-controlling interests		<u>5,360,759</u>	<u>2,037,683</u>
		<u><u>160,162,006</u></u>	<u><u>65,609,044</u></u>
Earnings per share			
Basic and diluted	10	<u><u>71.20 cents</u></u>	<u><u>29.24 cents</u></u>

Details of dividends are set out in note 9.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 September 2014*

	Six months ended 30 September	
	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
	(Unaudited)	(Unaudited)
Profit for the period	<b>160,162,006</b>	65,609,044
<b>Other comprehensive income:</b>		
Items that may be subsequently reclassified to profit or loss:		
Exchange difference on translation of foreign operations:		
Exchange differences arising during the period	<b>583,299</b>	3,416,239
Available-for-sale financial assets:		
Gain arising on change in fair value	<b>572,246</b>	890,061
Total comprehensive income for the period	<b><u>161,317,551</u></b>	<b><u>69,915,344</u></b>
Total comprehensive income attributable to:		
Owners of the Company	<b>155,955,719</b>	67,845,503
Non-controlling interests	<b>5,361,832</b>	2,069,841
	<b><u>161,317,551</u></b>	<b><u>69,915,344</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

		30 September 2014 <i>Notes</i> <b>HK\$</b> (Unaudited)	31 March 2014 <i>HK\$</i> (Audited)
<b>NON-CURRENT ASSETS</b>			
Investment properties	11	611,687,423	767,557,960
Property, plant and equipment		159,880,719	164,493,520
Leasehold land and land use right		12,851,315	13,040,817
Interests in associates		75,856,729	74,777,899
Available-for-sale financial assets		31,892,116	30,780,068
Intangible assets		3,702,706	3,702,706
Other assets		3,202,258	3,727,845
		<u>899,073,266</u>	<u>1,058,080,815</u>
<b>CURRENT ASSETS</b>			
Inventories		102,410,255	104,009,346
Trade and other receivables	12	247,097,800	255,754,378
Financial assets at fair value through profit or loss		70,744,925	7,678,285
Loan receivable		19,000,000	19,000,000
Deposits and prepayments		7,185,311	8,709,303
Tax prepaid		64,606	654,413
Restricted cash		4,100,000	4,100,000
Trust accounts of shares dealing clients		91,847,970	76,183,226
Cash and cash equivalents		116,432,065	32,796,109
		<u>658,882,932</u>	<u>508,885,060</u>
<b>CURRENT LIABILITIES</b>			
Amount due to an associate		2,271,304	721,707
Trade and other payables	13	162,417,788	138,942,254
Bank loans and overdrafts		57,424,278	240,033,945
Taxation		4,375,945	3,449,728
		<u>226,489,315</u>	<u>383,147,634</u>
<b>NET CURRENT ASSETS</b>		<u>432,393,617</u>	<u>125,737,426</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,331,466,883</u>	<u>1,183,818,241</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2014

	30 September 2014 HK\$ (Unaudited)	31 March 2014 HK\$ (Audited)
<b>NON-CURRENT LIABILITIES</b>		
Bank loans	138,696,035	145,791,515
Amount due to non-controlling interest	2,935,000	2,935,000
Deferred tax liabilities	<u>2,278,040</u>	<u>2,328,903</u>
	<u>143,909,075</u>	<u>151,055,418</u>
<b>NET ASSETS</b>	<u><b>1,187,557,808</b></u>	<u><b>1,032,762,823</b></u>
<b>CAPITAL AND RESERVES</b>		
Share capital	217,418,850	217,418,850
Reserves	<u>949,765,290</u>	<u>800,332,137</u>
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>1,167,184,140</b>	1,017,750,987
Non-controlling interests	<u>20,373,668</u>	<u>15,011,836</u>
<b>TOTAL EQUITY</b>	<u><b>1,187,557,808</b></u>	<u><b>1,032,762,823</b></u>

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

*For the six months ended 30 September 2014*

## **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 2014.

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

## **2. 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 2014, except as described below.

Tax on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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

The following new amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2014. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27	Consolidation for investment entities
HK (IFRIC) – Int 21	Levies

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

The Group has not applied any new standards and interpretations that are not yet effective for current accounting period.

## 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 (“CODM”) 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 in Hong Kong 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 2014			
	Property investments and development/ hotel <i>HK\$</i> (Unaudited)	Manufacturing and distribution of plastics packaging materials <i>HK\$</i> (Unaudited)	Stock broking, futures and finance <i>HK\$</i> (Unaudited)	Consolidated <i>HK\$</i> (Unaudited)
Segment revenue	<u>23,685,072</u>	<u>245,056,730</u>	<u>9,035,659</u>	<u>277,777,461</u>
Segment results	11,630,088	6,487,698	4,711,609	22,829,395
Gain arising on change in fair value of investment properties	35,328,153	–	–	35,328,153
Gain on disposal of investment property	<u>107,714,185</u>	<u>–</u>	<u>–</u>	<u>107,714,185</u>
Profit from operations	154,672,426	6,487,698	4,711,609	165,871,733
Unallocated finance costs				(3,882,274)
Share of results of associates				<u>342,511</u>
Profit before tax				162,331,970
Unallocated income tax expense				<u>(2,169,964)</u>
Profit for the period				<u>160,162,006</u>



### 3. SEGMENT INFORMATION (Continued)

#### (I) Segment revenues and results (Continued)

	Six months ended 30 September 2013			
	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	<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>–</u>	<u>–</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>65,609,044</u>

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 expense 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 periods.

### 3. SEGMENT INFORMATION (Continued)

#### (II) Segment assets and liabilities

	Property investments and and development/hotel		Manufacturing and distribution of plastic packaging materials		Stock broking future and finance		Consolidated	
	30 September	31 March	30 September	31 March	30 September	31 March	30 September	31 March
	2014	2014	2014	2014	2014	2014	2014	2014
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>Assets</b>								
Segment assets	<u>716,688,534</u>	<u>851,240,616</u>	<u>429,283,477</u>	<u>299,477,089</u>	<u>336,062,852</u>	<u>340,815,858</u>	<u>1,482,034,863</u>	1,491,533,563
Unallocated corporate assets							<u>75,921,335</u>	<u>75,432,312</u>
Total assets							<u>1,557,956,198</u>	<u>1,566,965,875</u>
<b>Liabilities</b>								
Reportable segment liabilities	<u>14,582,428</u>	<u>12,134,847</u>	<u>30,792,453</u>	<u>35,842,310</u>	<u>122,249,211</u>	<u>94,621,805</u>	<u>167,624,092</u>	142,598,962
Unallocated corporate Liabilities							<u>202,774,298</u>	<u>391,604,090</u>
Consolidated liabilities							<u>370,398,390</u>	<u>534,203,052</u>

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) Other segment information

	Property investments and and development/hotel		Manufacturing and distribution of plastic packaging materials		Stock broking and finance		Consolidated	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Amount included in the measure of segment result or segment assets:								
Additions to non-current assets (Note)	1,033,362	–	316,782	2,012,220	566,632	1,536,554	1,916,776	3,548,774
Amortisation of leasehold land and land use right	11,543	11,543	182,770	181,834	–	–	194,313	193,377
Depreciation of property, plant and equipment	2,058,460	2,270,771	3,628,555	3,530,734	265,669	317,917	5,952,684	6,119,422
Gain arising on change in fair value of investment properties	35,328,153	55,860,559	–	–	–	–	35,328,153	55,860,559
Impairment loss recognised in respect of trade receivables	–	–	1,179,481	1,717,526	31,983	12,357	1,211,464	1,729,883
Interest income	476,309	408,738	177,636	13,232	7,011,269	5,867,750	7,665,214	6,289,720
Loss on disposal of property, plant and equipment	60,203	–	–	–	–	–	60,203	–
Amount regularly provided to the CODM but not included in the measure of segment results or segment assets:								
Interests in associates	–	–	–	–	–	–	75,856,729	75,302,539
Finance costs	–	–	–	–	–	–	3,882,274	3,891,252
Income tax expense	–	–	–	–	–	–	2,169,964	2,030,265
Share results of associates	–	–	–	–	–	–	342,511	3,137,062

**Note:** Additions to non-current assets consist of additions to property, plant and equipment and other assets

### 3. SEGMENT INFORMATION (Continued)

#### (IV) Geographical segment

	Turnover	
	Six months ended	
	30 September	
	2014	2013
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Hong Kong	76,570,913	52,427,156
North America	19,492,383	20,658,666
Oceania	18,148,868	13,286,480
Europe	26,205,810	18,120,482
PRC	27,066,921	26,459,808
Other Asian countries	110,292,566	46,615,213
	<b>277,777,461</b>	<b>177,567,805</b>
	Non-current assets (Note)	
	30 September	31 March
	2014	2014
	HK\$	HK\$
	(Unaudited)	(Audited)
Hong Kong	735,005,826	892,520,724
PRC	104,097,730	107,438,747
	<b>839,103,556</b>	<b>999,959,471</b>

*Note:* Non-current assets excluded amounts due from associates and available-for-sale financial assets.

#### (V) Information about major customers

Revenue from customer of the corresponding periods contributing 10% or more of turnover of the Group is as follows:

	Six months ended	
	30 September	
	2014	2013
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Manufacturing and distribution of plastic packaging materials		
Customer A	<b>30,379,672</b>	<b>36,656,072</b>

Except for the above, no other single customer contributed 10% or more to the Group's revenue in both periods.

#### 4. TURNOVER

	Six months ended 30 September	
	2014	2013
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Sale of goods	245,056,730	145,217,555
Gross rental income	10,955,977	10,052,909
Brokerage commission	7,792,863	9,062,995
Hotel income	12,729,095	12,556,343
Dividend income		
– Listed equity securities	717,796	678,003
– Unlisted equity securities	525,000	–
	<u>277,777,461</u>	<u>177,567,805</u>

#### 5. OTHER REVENUE AND OTHER INCOME

	Six months ended 30 September	
	2014	2013
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Interest income	7,665,214	6,289,720
Other income	2,270,928	2,427,433
Reversal of impairment loss recognised in respect of trade receivables	<u>62,861</u>	<u>71,813</u>
	<u>9,999,003</u>	<u>8,788,966</u>

## 6. PROFIT FROM OPERATIONS

	Six months ended	
	30 September	
	2014	2013
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Profit from operations has been arrived at after charging (crediting):		
Cost of inventories sold	202,134,897	103,364,297
Impairment loss recognised in respect of trade receivables	1,211,464	1,729,883
Exchange loss	443,187	165,964
Staff costs (including directors' remuneration)		
Salaries, wages and allowances	25,090,475	25,832,075
Staff benefits	1,870,878	1,026,098
Defined contribution plans	451,445	418,094
	27,412,798	27,276,267
Operating lease rental in respect of office premises	2,035,326	2,029,309
Amortisation of leasehold land and land use right	194,313	193,377
Depreciation of property, plant and equipment	5,952,684	6,119,422

## 7. FINANCE COSTS

	Six months ended 30 September	
	2014	2013
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Interest on:		
Bank loans and overdrafts wholly repayable:		
within five years	1,460,502	1,326,638
over five years	1,952,772	2,081,785
Amounts due to related companies	209,094	209,833
Other borrowings	2,974	2,422
Bank charges	256,932	270,574
	<u>3,882,274</u>	<u>3,891,252</u>

## 8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2014	2013
	HK\$	HK\$
	(Unaudited)	(Unaudited)
The income tax expense comprises:		
Current tax:		
Hong Kong profits tax	2,220,827	2,095,000
Deferred income tax	<u>(50,863)</u>	<u>(64,735)</u>
Total income tax expense recognised	<u>2,169,964</u>	<u>2,030,265</u>

Hong Kong profits tax is calculated at 16.5% (six months ended 30 September 2013: 16.5%) on the estimated assessable profit for the period.

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 2013: 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

On 27 November 2014, the board declared a special dividend of HK\$0.25 per share for the six months ended 30 September 2014 (six months ended 30 September 2013: Nil). This special dividend, amounting to HK\$54,354,712 (six months ended 30 September 2013: Nil), has not been recognised as a liability in this Interim Financial Statement. It will be recognised in shareholders' equity in the year ended 31 March 2015.

A final dividend relating to the year ended 31 March 2014 amounting to HK\$6,522,566 was paid in September 2014.

## 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\$154,801,247 (six months ended 30 September 2013: HK\$63,571,361) and on the weighted average number of 217,418,850 (six months ended 30 September 2013: 217,418,850) ordinary shares in issue during the period.

## 11. INVESTMENT PROPERTIES

	(Unaudited) HK\$
<b>Fair Value</b>	
At 1 April 2013	698,932,545
Gain arising on change in fair value	<u>68,625,415</u>
At 31 March 2014 and at 1 April 2014	767,557,960
Addition ( <i>note</i> )	78,801,310
Disposal	(270,000,000)
Gain arising on change in fair value	<u>35,328,153</u>
At 30 September 2014	<u><u>611,687,423</u></u>

*Note:* Addition to investment property comprised acquisition cost with the amount HK\$71,800,000 plus the acquisition-related cost with the amount of HK\$7,001,310.



## 11. INVESTMENT PROPERTIES (Continued)

All of the Group's properties held under operating leases to generate rental income are measured using the fair value model and are classified and accounted for as investment properties.

The valuations of the investment properties at 30 September 2014 and 31 March 2014 were carried out by an independent surveyor, K.T. Liu Surveyors Limited, who is a member of the Hong Kong Institute of Surveyors.

The carrying amount of investment properties shown above comprises:

	<b>30 September 2014 HK\$ (Unaudited)</b>	31 March 2014 HK\$ (Audited)
Inside Hong Kong, held under medium term lease	<b>606,750,000</b>	762,750,000
Outside Hong Kong, held under medium term lease	<b>4,937,423</b>	4,807,960
	<b><u>611,687,423</u></b>	<b><u>767,557,960</u></b>

## 12. 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, future and finance.

	<b>30 September 2014 HK\$ (Unaudited)</b>	31 March 2014 HK\$ (Audited)
Trade receivables from:		
Clearing house and cash clients	<b>57,749,861</b>	58,523,303
Secured margin clients	<b>124,526,300</b>	145,363,245
Other customers	<b>46,622,273</b>	41,372,686
	<b>228,898,434</b>	245,259,234
Less: Allowance for doubtful debts	<b>(9,434,948)</b>	(8,265,227)
	<b>219,463,486</b>	236,994,007
Other receivables	<b>27,634,314</b>	18,760,371
	<b><u>247,097,800</u></b>	<b><u>255,754,378</u></b>

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

## 12. TRADE AND OTHER RECEIVABLES (Continued)

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 room guest's cash deposit or credit card debit authorisation. Other than that, the Group does not obtain any other collateral from room guests.

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

	<b>30 September 2014 HK\$ (Unaudited)</b>	<b>31 March 2014 HK\$ (Audited)</b>
0 – 30 days	<b>83,625,954</b>	76,898,641
31 – 60 days	<b>1,040,307</b>	4,941,257
Over 60 days	<b>10,270,925</b>	9,790,864
	<b><u>94,937,186</u></b>	<b><u>91,630,762</u></b>

Included in trade receivables, HK\$124,526,300 (net of allowance on bad and doubtful debts) (31 March 2014: HK\$145,363,245) 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 2014, the total market value of securities pledged as collateral by the customers in respect of the advances to customers is HK\$290,189,754 (31 March 2014: HK\$243,328,706) 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\$1,211,464 (six months ended 30 September 2013: HK\$1,729,883) which are past due at the end of the period. The allowance for doubtful debts recognised because there has been a significant change in credit quality and the amounts are considered irrecoverable.

### 13. 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.

	<b>30 September</b>	31 March
	<b>2014</b>	2014
	<b>HK\$</b>	<b>HK\$</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade payables to:		
– Clearing house and cash clients	<b>97,816,591</b>	64,959,037
– Secured margin clients	<b>20,247,056</b>	25,141,544
– Others	<b>12,583,249</b>	15,831,923
	<b>130,646,896</b>	105,932,504
Other payables	<b>31,770,892</b>	33,009,750
	<b>162,417,788</b>	138,942,254

The aging analysis of the trade payables at the end of the reporting period based on the invoice date were as follows:

	<b>30 September</b>	31 March
	<b>2014</b>	2014
	<b>HK\$</b>	<b>HK\$</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
0 –30 days	<b>127,806,163</b>	102,945,035
31 – 60 days	<b>2,443,912</b>	2,437,348
Over 60 days	<b>396,821</b>	550,121
	<b>130,646,896</b>	105,932,504

Included in trade payables, amounting to HK\$97,816,591 (31 March 2014: HK\$64,959,037) are payable to cash clients and clearing house which would be due within 30 days.

## **INTERIM RESULTS**

The Group's turnover amounted HK\$277.8 million for the six months ended 30 September 2014, representing an increase of HK\$100.2 million, or 56.4% as compared to the corresponding period in 2013. The Group's profit before tax for the six months ended 30 September 2014 was HK\$162.3 million, representing an increase of HK\$94.7 million, or 140.0% as compared to the corresponding period in 2013. It was primarily attributable to the net impact of the gain on disposal of one of Group investment properties of HK\$107.7 million and the decrease in the gain arising on change in fair value of the Group's investment properties of HK\$20.5 million as compared to the same period of last year. Profit attributable to owners of the Company for the six months ended 30 September 2014 amounted HK\$154.8 million, representing an increase of HK\$91.2 million, or 143.3% as compared to the corresponding period in 2013.

## **SPECIAL DIVIDEND**

The Board declared a special dividend of HK\$0.25 per share for the six months ended 30 September 2014 (2013: Nil), payable to shareholders whose names appear on the register of Members of the Company on Thursday, 4 December 2014.

The special dividend will be paid on or around Friday, 10 January 2015.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

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

Property investment and development/hotel segment comprises property investment and development business in Hong Kong and China and provision of hotel services in Hong Kong. The segment recorded a 4.7% increase in revenue to HK\$23.7 million and a 21.3% increase in segment profit to HK\$11.6 million for the six months ended 30 September 2014 as compared to the corresponding period in 2013. Including the gain on disposal of investment property of HK\$107.7 million and the gain arising on change in fair value of investment properties of HK\$35.3 million, the operating profit was HK\$154.7 million for the six months ended 30 September 2014 (six months ended 30 September 2013: HK\$65.4 million).

*(i) Property Investment and Development*

During the period, by consolidating the investment properties portfolio with higher quality properties and investment potential, the Group disposed of the whole block of Nan Sing Industrial Building located at Kwai Chung with the gain of approximately HK\$107.7 million while acquired a bare site at King's Road, North Point at the consideration of HK\$71.8 million plus the acquisition-related costs of HK\$7.0 million. All of the Group's investment properties were leased out to generate steady rental income for the Group. The Group's rental income amounted HK\$10.9 million (six months ended 30 September 2013: HK\$10.1 million).

*(ii) Hotel*

During the period, the hotel recorded room revenue of \$12.7 million, which represents a marginal increase of 1.3% over the same period last year. This was principally affected by the increase in occupancy rate by 3.9% while offset with the decrease in room rate by 3.1%. The decrease in room rates was attributable to the an increase in rooms supply in the market.

***Manufacturing and Distribution of Plastic Packaging Materials***

During the period, the segment recorded a 68.7% increase in revenue to HK\$245.1 million. The segment profit increased 12 times as compared with the same period last year to HK\$6.5 million. The devaluation of the yen coupled with the increase in sales tax from 5% to 8% in April 2014 in Japan severely damages our export business to Japan. Furthermore, two of our key accounts faced food safety scare and their reputations and businesses were hurt by their meat supplier violating the meat safety regulations, which causes a domino effect to the whole supply chain. However, we did well to weather such adverse market conditions by developing new businesses and tightening our operating expenses.

Our revamped Nan Sing product brand together with a new product attracted a lot of interests from buyers in China Fast Moving Consumer Goods market at the China Daily-use Articles Trade Fair held in Shanghai. We have formulated an expansion strategy to deepen our penetration in existing channels and widen our territorial foothold to other provinces and a comprehensive marketing campaign is underway to build brand awareness and increase sales of our products.

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

Since the initial announcement of the “Shanghai – Hong Kong Stock Connect” by the China Securities Regulatory Commission in April 2014, Hong Kong and China stock markets was full of worldwide fund. Such concept was speculated and pushed Hang Seng Index to its highest points 25,363 during the period with average turnover increased to HK\$90 billion daily.

For the six months ended 30 September 2014, our business was running stable with moderate increase of 3.9% in brokerage commission to HK\$6.2 million (six months ended 30 September 2013: HK\$5.9 million). Moreover, there was a 17.2% significant growth in the interest income received from margin client, which recorded HK\$6.9 million (six months ended 30 September 2013: HK\$5.8 million), as margin clients inclined to hold stock when market atmosphere became optimistic.

Stockwell Commodities Ltd has resumed business in early 2012. It ranked the top of 23 as to Execution Turnover Ranking of HIS Futures in the report of 3rd Quarter of 2014 conducted by the Hong Kong Exchange.

## **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 30 September 2014, cash and bank equivalents were HK\$116.4 million (31 March 2014: HK\$32.8 million) and trade and other receivables were HK\$247.1 million (31 March 2014: HK\$255.8 million). Trade and other payables were HK\$162.4 million (31 March 2014: HK\$138.9 million). The increase in cash and bank equivalents was primarily attributable to the proceeds received from the disposal of investment property. The decrease in trade and other receivables was mainly attributed to the decrease in margin clients receivables. The increase in trade and other payables was mainly attributed to the increase in payables to clearing house and cash client.

As at 30 September 2014, the Group's bank loans and overdraft decreased from HK\$385.8 million as at 31 March 2014 to HK\$196.1 million, in which the short-term loans amounted to HK\$57.4 million (31 March 2014: HK\$240.0 million) and long-term loans amounted to HK\$138.7 million (31 March 2014: HK\$145.8 million). The Group's current period net debt to equity ratio was 7% (31 March 2014: 35%), calculated on the basis of the Group's bank loans and overdraft less cash and cash equivalents divided by total equity attributable to owners of the Company. The decrease in the net debt to equity ratio was mainly due to settlement of the Group's bank loans by using the proceeds from disposal of investment property and the increase in balance of total equity attributable to owners of the Company caused by the increase of profit for the period.

### **Capital Structure**

As at 30 September 2014, the Group's total equity attributable to owners of the Company amounted to HK\$1,167.2 million (31 March 2014: HK\$1,017.8 million). The Group's consolidated net assets per share as at 30 September 2014 was HK\$5.46 (31 March 2014: HK\$4.75).

### **Foreign Exchange Exposure**

The Group operates in Hong Kong and the PRC and majority of transactions are denominated in Hong Kong dollars, 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 considers that there is no significant foreign exchange risk in respect of Rmb.

## **Material Acquisitions and Disposals**

The Group had no material acquisitions or disposals of subsidiaries or associated companies during the six months ended 30 September 2014.

## **Employees and Remuneration Policies**

The Group had 470 employees as at 30 September 2014 (31 March 2014: 495). 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. With respect to the newly acquired bare site located at King's Road, a building plan has been submitted to Building Department for approval.

## **Hotel**

The existing political environment in Hong Kong continues to discourage visitor arrival and weaken market demand. Besides, it is expected that total room supply will be increased from around 72,000 rooms at the end of August 2014 to around 73,500 by the end of 2014. The additional competitive rooms supply will exert pressure on the hotel performance. Thus, the hotel will focus on maintaining room rate and driving occupancy growth. Nevertheless, the hotel remains cautiously optimistic about the performance for the next 6 months ending 31 March 2015.



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

Japan announced a surprise expansion of monetary stimulus just days after the US Federal Reserve ended its bond buying programme reaffirms its intension to keep the yen low coupled with the possibility of raising the sales tax further from 8% to 10% in 2015. It makes exporting to Japan looking bleak and developing new markets becomes vital for a sustainable growth in the future.

Operating environment in China remained difficult with fast-inflating labour costs coupled with shortage of skilled workers. In order to face with the challenges ahead amid intense competition, the Group will focus on automating our workflow to improve our operational efficiency and increase productivity to overcome the labour issues and drive for profitable growth.

The Group has committed to building its brand with comprehensive marketing campaign both online and offline to raise brand awareness and condense our “Live with More” pledge to our customers with innovative products of the best quality to fulfill their needs.

## **Stock Broking, Futures & Finance**

The political climate in Hong Kong got more and more intense in the third quarter this year. Funds began to harvest and reduce their portfolios, hot money flow away from Hong Kong. We adopted prudent measures in money lending to margin clients in order to cope with the market fluctuation.

To synchronize with the newly market development, we are setting up platform for trading of “Shanghai-Hong Kong Stock Connect” A shares.

For the commodities section, the trading platform for the worldwide commodities products has been fundamentally completed for testing.

The trading hour of the night market (AHFT) will be extended for 45 minutes to 11:45 pm on 3 November 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, non-executive directors and independent non-executive directors, as equal board members, should attend general meetings of the Company. During the period, three non-executive directors and one independent non-executive directors were unable to attend the annual general meeting of the Company held on 22 August 2014 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.

## **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 2014, which is of opinion that such statements comply with the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

## **CLOSURE OF REGISTER OF MEMBERS FOR SPECIAL DIVIDEND**

The register of members of the Company will be closed from Wednesday, 3 December 2014 to Thursday, 4 December 2014, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the special dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company’s share registrar, General Secretarial Services Limited at 20th Floor, Capitol Centre, 5-19 Jardine’s Bazaar, Causeway Bay, Hong Kong, not later than 4:30 p.m. on Tuesday, 2 December 2014.

## **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.

## **PUBLICATIONS OF FURTHER INFORMATION ON THE STOCK EXCHANGE’S WEBSITE**

The Company’s interim report for the six months ended 30 September 2014 will be despatched to the shareholders of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) under “Latest Listed Company Information” and on the website of the Company at [www.seapnf.com.hk](http://www.seapnf.com.hk) under “Financial Statements” in due course.

By Order of the Board

**CHUA NAI TUEN**

*Chairman and Managing Director*

Hong Kong, 27 November 2014

*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. 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.*