



SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Stock Code : 252

Interim Report
2014-15



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
DBS Bank (Hong Kong) 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. Lau Ka 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 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	6	277,777,461	177,567,805
Cost of sales		(230,837,062)	<u>(134,815,394)</u>
Gross profit		46,940,399	42,752,411
Other revenue and other income	7	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		(466,607)	(345,209)
Profit from operations	8	165,871,733	68,393,499
Finance costs	9	(3,882,274)	(3,891,252)
Share of results of associates		342,511	3,137,062
Profit before tax		162,331,970	67,639,309
Income tax expense	10	(2,169,964)	(2,030,265)
Profit for the period		160,162,006	<u>65,609,044</u>
Profit attributable to:			
Owners of the Company		154,801,247	63,571,361
Non-controlling interests		5,360,759	2,037,683
		160,162,006	<u>65,609,044</u>
Earnings per share			
Basic and diluted	12	71.20 cents	<u>29.24 cents</u>

Details of dividends are set out in note 11.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2014

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

	Notes	30 September 2014 HK\$ (Unaudited)	31 March 2014 HK\$ (Audited)
NON-CURRENT ASSETS			
Investment properties	13	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
		899,073,266	1,058,080,815
CURRENT ASSETS			
Inventories		102,410,255	104,009,346
Trade and other receivables	15	247,097,800	255,754,378
Loan receivable		19,000,000	19,000,000
Financial assets at fair value through profit or loss	16	70,744,925	7,678,285
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
		658,882,932	508,885,060
CURRENT LIABILITIES			
Amount due to an associate	17	2,271,304	721,707
Trade and other payables	17	162,417,788	138,942,254
Bank loans and overdrafts	18	57,424,278	240,033,945
Taxation		4,375,945	3,449,728
		226,489,315	383,147,634
NET CURRENT ASSETS			
		432,393,617	125,737,426
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,331,466,883	1,183,818,241

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 September 2014

	Notes	30 September 2014 HK\$ (Unaudited)	31 March 2014 HK\$ (Audited)
NON-CURRENT LIABILITIES			
Bank Loans	18	138,696,035	145,791,515
Amount due to non-controlling interest		2,935,000	2,935,000
Deferred tax liabilities		2,278,040	2,328,903
		143,909,075	151,055,418
NET ASSETS			
		1,187,557,808	1,032,762,823
CAPITAL AND RESERVES			
Share capital	19	217,418,850	217,418,850
Reserves		949,765,290	800,332,137
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
		1,167,184,140	1,017,750,987
Non-controlling interests		20,373,668	15,011,836
TOTAL EQUITY		1,187,557,808	1,032,762,823

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the months ended 30 September 2014

	ATTRIBUTABLE TO OWNERS OF THE COMPANY							
	SHARE CAPITAL	PROPERTY	EXCHANGE RESERVE	AVAILABLE-FOR-SALE SECURITIES	RETAINED EARNINGS	SUBTOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
		REVALUATION RESERVE		REVALUATION RESERVE			CONTROLLING INTERESTS	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
At 1 April 2014	217,418,850	3,178,526	52,307,597	(5,833,335)	750,679,349	1,017,750,987	15,011,836	1,032,762,823
Profit for the period	-	-	-	-	154,801,247	154,801,247	5,360,759	160,162,006
Other comprehensive income for the period	-	-	582,226	572,246	-	1,154,472	1,073	1,155,545
Total comprehensive income for the period	-	-	582,226	572,246	154,801,247	155,955,719	5,361,832	161,317,551
Dividends paid	-	-	-	-	(6,522,566)	(6,522,566)	-	(6,522,566)
At 30 September 2014	217,418,850	3,178,526	52,889,823	(5,261,089)	898,958,030	1,167,184,140	20,373,668	1,187,557,808
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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2014

	Six months ended 30 September	
	2014	2013
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	38,550,007	44,158,606
Net cash generated from (used in) investing activities	243,092,082	(13,869,615)
Net cash used in financing activities	(195,224,942)	(4,348,883)
Net increase in cash and cash equivalents	86,417,147	25,940,108
Cash and cash equivalents at the beginning of the period	21,698,688	16,140,266
Effect of foreign exchange rate changes	554,256	1,789,412
Cash and cash equivalents at the end of the reporting period	108,670,091	43,869,786
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	116,432,065	43,869,786
Bank overdrafts	(7,761,974)	–
	108,670,091	43,869,786

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 ("AFS") and financial assets at fair value through profit or loss ("FVTPL"), 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. 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. ESTIMATES

The preparation of Interim Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these Interim Financial Statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 31 March 2014.

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, equity price risk), credit risk and liquidity risk.

The Interim Financial Statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2014.

There have been no changes in any risk management policies since the year end.

4.2 Liquidity risk

The Group are exposed to liquidity risk on financial liabilities. Management of the Group adopts a prudent policy to maintain a sufficient level of cash and cash equivalent and financial assets to meet continuous operational need. Various banking facilities and credit lines have also been arranged with different banks in order to fund any liquidity requirements in the short term.

4.3 Fair value estimation

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 valuations: fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are input for which market data are not available; and
- Level 3 valuations: fair value measured using significant unobservable inputs.

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

4.3 Fair value estimation *(Continued)*

	Level 1	Level 2	Level 3	Total
At 30 September 2014				
Financial assets				
Available-for-sale financial assets:				
– Listed equity securities	30,611,016	–	–	30,611,016
Financial assets at fair value through profit or loss:				
– Held for trading investments	7,354,650	–	–	7,354,650
– Structured deposit	–	63,390,275	–	63,390,275
	37,965,666	63,390,275	–	101,355,941
	37,965,666	63,390,275	–	101,355,941
At 31 March 2014				
Financial assets				
Available-for-sale financial assets:				
– Listed equity securities	29,498,968	–	–	29,498,968
Financial assets at fair value through profit or loss:				
– Held for trading investments	7,678,285	–	–	7,678,285
	37,177,253	–	–	37,177,253
	37,177,253	–	–	37,177,253

There were no transfers between Level 1, Level 2 and Level 3 in the current and prior periods.

Level 2 structured deposit has been fair valued using the forward spot rate that are quoted in an active market. The effect of discounting are generally insignificant.

5. 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 People’s Republic of China (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

5. SEGMENT INFORMATION (Continued)

(I) Segment revenues and results

	Six months ended 30 September 2014			Consolidated HK\$ (Unaudited)
	Property investments and development/ hotel HK\$ (Unaudited)	Manufacturing and distribution of plastics packaging materials HK\$ (Unaudited)	Stock broking, futures and finance HK\$ (Unaudited)	
Segment revenue	23,685,072	245,056,730	9,035,659	277,777,461
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	107,714,185	-	-	107,714,185
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				342,511
Profit before tax				162,331,970
Unallocated income tax expense				(2,169,964)
Profit for the period				160,162,006

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5. 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	22,609,252	145,217,555	9,740,998	177,567,805
Segment results	9,585,842	542,090	2,405,008	12,532,940
Gain arising on change in fair value of investment properties	55,860,559	-	-	55,860,559
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				3,137,062
Profit before tax				67,639,309
Unallocated income tax expense				(2,030,265)
Profit for the period				65,609,044

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.

5. 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 2014 (Unaudited)	31 March 2014 (Audited)	30 September 2014 (Unaudited)	31 March 2014 (Audited)	30 September 2014 (Unaudited)	31 March 2014 (Audited)	30 September 2014 (Unaudited)	31 March 2014 (Audited)
Assets								
Segment assets	716,688,534	851,240,616	429,283,477	299,477,089	336,062,852	340,815,858	1,482,034,863	1,491,533,563
Unallocated corporate assets							75,921,335	75,432,312
Total assets							1,557,956,198	1,566,965,875
Liabilities								
Reportable segment liabilities	14,582,428	12,134,847	30,792,453	35,842,310	122,249,211	94,621,805	167,624,092	142,598,962
Unallocated corporate liabilities							202,774,298	391,604,090
Total liabilities							370,398,390	534,203,052

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.

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5. SEGMENT INFORMATION (Continued)

(III) Other segment information

	Property investments and and development/hotel Six months ended 30 September		Manufacturing and distribution of plastic packaging materials Six months ended 30 September		Stock broking and finance Six months ended 30 September		Consolidated Six months ended 30 September	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$	2014 HK\$	2013 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 on disposal of investment property	107,714,185	-	-	-	-	-	107,714,185	-
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.

5. 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
	277,777,461	177,567,805

	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
	839,103,556	999,959,471

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

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5. SEGMENT INFORMATION *(Continued)*

(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	30,379,672	36,656,072

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

6. 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	–
	277,777,461	177,567,805

7. 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	62,861	71,813
	9,999,003	8,788,966

8. PROFIT FROM OPERATIONS

	Six months ended 30 September	
	2014	2013
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Profit from operations has been arrived at after charging:		
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

9. 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
	3,882,274	3,891,252

10. 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	(50,863)	(64,735)
Total income tax expense recognised	2,169,964	2,030,265

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.

10. 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 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.

11. 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 equity attributable to owners of the Company 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.

12. 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.

13. INVESTMENT PROPERTIES

	(Unaudited)
	HK\$
Fair Value	
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.

Southeast Asia Properties & Finance Limited

13. 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 carrying amounts of investment properties shown above comprises:

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

The Group's investment properties with carrying amount of HK\$519,750,000 (31 March 2014: HK\$492,750,000) have been pledged to secure general banking facilities granted to the Group.

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair value measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3 valuations: fair value measured using significant unobservable inputs.

13. INVESTMENT PROPERTIES (Continued)

(i) Fair value hierarchy (Continued)

The Group

	Level 1	Level 2	Level 3	Total
At 30 September 2014				
Fair value on a recurring basis				
Investment properties:				
- Located in Hong Kong	-	52,750,000	554,000,000	606,750,000
- Located outside Hong Kong	-	-	4,937,423	4,937,423
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2014				
Fair value on a recurring basis				
Investment properties:				
- Located in Hong Kong	-	52,150,000	710,600,000	762,750,000
- Located outside Hong Kong	-	-	4,807,960	4,807,960
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

At 30 September 2014 and at 31 March 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued at the end of the reporting period. The valuations were carried out by an independent surveyor, K. T. Liu Surveyors Limited, who has among its staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

For all investment properties, their current use equates to the highest and best use.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of investment properties located in Hong Kong and outside Hong Kong are determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

13. INVESTMENT PROPERTIES *(Continued)*

(iii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Investment properties located outside Hong Kong	Discounted cash flow	Estimated rental growth rate	30 September 2014: 4% 31 March 2014: 4%
	Market comparison approach	Discount on quality of the buildings	30 September 2014: (10%) 31 March 2014: (15%)
Investment properties located in Hong Kong	Discounted cash flow	Estimated rental growth rate	30 September 2014: 1% to 5% 31 March 2014: 3% to 5%
	Market comparison approach	(Discount) premium on quality of the buildings	30 September 2014: (2.3%) 31 March 2014: (2%) to 6%

Part of the fair value of investment properties located in Hong Kong and outside Hong Kong of the Group is determined by discounting a projected cash flow series associated with the properties using risk-adjusted discount rates. The valuation takes into account expected market rental growth of the respective properties. The discount rates used have been adjusted for the quality and location of the buildings and the tenant credit quality. The fair value measurement is positively correlated to the expected market rental growth and the occupancy rate, and negatively correlated to the risk-adjusted discount rates.

Part of the fair value of investment properties located in Hong Kong and outside Hong Kong of the Group is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group's properties compared to the recent sales. Higher premium for higher quality buildings will result in a higher fair value measurement.

13. INVESTMENT PROPERTIES *(Continued)*

(iii) Information about Level 3 fair value measurements *(Continued)*

The following table provides a reconciliation of the movement between opening and closing balances of Level 3 properties, measured at fair value using a valuation technique with significant unobservable inputs:

The Group

Investment properties located in Hong Kong:

At 1 April 2014	710,600,000
Addition	78,801,310
Disposal	(270,000,000)
Fair value adjustment	<u>34,598,690</u>
At 30 September 2014	<u><u>554,000,000</u></u>

The Group

Investment properties located outside Hong Kong:

At 1 April 2014	4,807,960
Fair value adjustment	<u>129,463</u>
At 30 September 2014	<u><u>4,937,423</u></u>

14. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired items of property, plant and equipment with a cost of HK\$1,375,854 (six months ended 30 September 2013: HK\$2,543,065).

15. 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.

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

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

15. TRADE AND OTHER RECEIVABLES (Continued)

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:

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

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.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2014 HK\$ (Unaudited)	31 March 2014 HK\$ (Audited)
Trading securities listed in Hong Kong	7,354,650	7,678,285
Structured deposit	63,390,275	—
	70,744,925	7,678,285

The above securities were classified as held-for-trading.

The fair values of trading securities listed in Hong Kong were determined with reference to quoted market bid prices at the end of the reporting period.

The Group placed a structured deposit with a financial institution in Hong Kong. The structured deposit contained embedded derivative, the return of which was determined with reference to the change in exchange rate between RMB and USD quoted in the market. The structured deposit was designated as financial assets at fair value through profit or loss at initial recognition.

Major terms of the structured deposit at 30 September 2014 are as follows:

Principal amount	Maturity	Interest rate
RMB50,000,000	17 March 2015	1.20% to 5.50% p.a. (<i>note</i>)

Note: The interest rate is dependent on whether the spot rate for conversion of USD for RMB as prevailing in the international foreign exchange market falls within ranges as specified in the agreement during the period from the inception date to the maturity date of the agreement.

The Group's financial assets at fair value through profit or loss with carrying amounts of HK\$7,257,000 (31 March 2014: HK\$2,968,140) have been pledged to secure general banking facilities granted 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.

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

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

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

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.

18. BANK LOANS AND OVERDRAFTS

	30 September 2014 HK\$ (Unaudited)	31 March 2014 HK\$ (Audited)
Secured bank overdrafts	7,761,974	11,097,421
Secured bank loans	188,358,339	364,728,039
Unsecured bank loans	–	10,000,000
	<u>196,120,313</u>	<u>385,825,460</u>
Carrying amounts repayable:		
Within one year	57,424,278	240,033,945
More than one year, but not exceeding two years	14,295,184	14,247,492
More than two years, but not exceeding five years	43,448,383	43,299,832
Over five years	80,952,468	88,244,191
	<u>196,120,313</u>	<u>385,825,460</u>
Less: Amounts due within one year shown under current liabilities	<u>(57,424,278)</u>	<u>(240,033,945)</u>
Amounts shown under non-current liabilities	<u>138,696,035</u>	<u>145,791,515</u>

The secured bank loans and bank overdrafts were secured by the Group's assets as described in note 20 and bear interest rate at rates ranging from 1.5% to 5.25% (31 March 2014: 1.51% to 5.25%) per annum.

The unsecured bank loans carrying interest rate at Hong Kong Interbank offered Rate ("HIBOR") plus 1.5% (31 March 2014: HIBOR plus 1.5%) per annum.

At the end of the reporting period, the Group had banking facilities amounting to HK\$609,002,510 (31 March 2014: HK\$606,601,164) which utilised to the extent of HK\$196,120,313 (31 March 2014: HK\$385,825,460) respectively.

19. SHARE CAPITAL

	30 September 2014 Number of shares	30 September 2014 HK\$	31 March 2014 Number of shares	31 March 2014 HK\$
Issued and fully paid:				
<i>Voting ordinary shares:</i>				
At the beginning and the end of the reporting period	217,418,850	217,418,850	217,418,850	217,418,850

20. 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 18:

	30 September 2014 HK\$ (Unaudited)	31 March 2014 HK\$ (Audited)
Investment properties	519,750,000	492,750,000
Buildings	68,755,305	70,460,456
Available-for-sales financial assets	29,423,874	19,983,528
Financial assets at fair value through profit or loss	7,257,000	2,968,140
Restricted cash	4,100,000	4,100,000
	629,286,179	590,262,124

21. LEASES COMMITMENTS

As lessee

	30 September 2014 HK\$ (Unaudited)	31 March 2014 HK\$ (Audited)
Minimum lease payments paid under operating leases during the period:		
Office premises	<u>2,035,326</u>	<u>4,064,635</u>

As at 30 September 2014, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises to make payment as follows:

	30 September 2014 HK\$ (Unaudited)	31 March 2014 HK\$ (Audited)
Within one year	1,512,532	2,197,195
in the second to fifth year inclusive	<u>–</u>	<u>310,491</u>
	<u>1,512,532</u>	<u>2,507,686</u>

21. LEASES COMMITMENTS *(Continued)*

As lessor

Property rental income earned during the period was HK\$10,955,977 (six months ended 30 September 2013: HK\$10,052,909). 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 2013: 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 2014, the Group had contracted with tenants for the following future minimum lease payments:

	30 September 2014 HK\$ (Unaudited)	31 March 2014 HK\$ (Audited)
Within one year	14,419,533	19,338,303
in the second to fifth year inclusive	19,849,583	10,369,319
	34,269,116	29,707,622

22. 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:

	Six months ended 30 September	
	2014	2013
	HK\$	HK\$
	(Unaudited)	(Unaudited)
(i) Payment to a company in which the Chairman of the Group has controlling interest – rental expenses	463,038	463,038
(ii) Interest expense paid to related companies in which the Chairman has controlling interest	209,094	209,833
(iii) Remuneration of the other key management personnel was disclosed as follows: – Short-term employee benefits	1,435,328	1,537,306
– MPF contribution	41,306	45,900
(iv) Remuneration paid to close family members of key management personnel	379,179	344,794
	4,627,945	4,630,771

23. CONTINGENT LIABILITIES

- (a) During the year ended 31 March 2008, the constructor for the hotel renovation works claimed against the Group and SAP Realty Company Limited ("SAR"), a wholly owned subsidiary of the Group for an overdue balance of HK\$5,009,115. On the other hand, 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 costs 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 at 30 September 2014 and 31 March 2014.

23. CONTINGENT LIABILITIES *(Continued)*

- (b) During the year ended March 2010, 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 approximately 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 2014 and 31 March 2014.

24. CAPITAL COMMITMENTS

	30 September 2014 HK\$ (Unaudited)	31 March 2014 HK\$ (Audited)
Contracted for but not provided		
– Factory renovation and purchase of machines	1,586,372	1,569,909

25. EVENTS AFTER THE REPORTING PERIOD

No significant events took place subsequent to 30 September 2014.

26. 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 27 November 2014.

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 Wednesday, 17 December 2014.

The special dividend will be paid on or around Friday, 23 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 generated 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.

Southeast Asia Properties & Finance Limited

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 form 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 Hang Seng Index 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 consider 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 looks 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 is 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 and 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 p.m. 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, independent non-executive directors and 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.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30 September 2014, 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	-	84,894,445 (Note 2)	-	40.15
Mr. Chua Nai King	2,716,046	-	2,814,365 (Note 2)	16,910,355 (Note 2)	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

Southeast Asia Properties & Finance Limited

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 2014.

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 2014 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 2014 as recorded in the register kept by the Company under section 336 of the SFO:

	No. of Ordinary Shares held	% of the Issued Share Capital <i>(Note)</i>
J & N International Limited ("J & N")	53,136,808	24.44
Sonliet Investment Company Limited ("Sonliet")	31,757,637	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 2014.

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 2014, 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 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.

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, 27 November 2014

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.