



# SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Stock code : 252

## INTERIM REPORT 2015-16



## 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  
OCBC 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>

## Southeast Asia Properties & Finance Limited

The board (the "Board") of directors (the "Directors") 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 2015, together with comparative figures of the previous period as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2015

		<b>Six months ended 30 September</b>	
	Notes	<b>2015 HK\$ (Unaudited)</b>	2014 HK\$ (Unaudited)
Turnover	4	<b>271,406,224</b>	284,707,624
Cost of sales		<b><u>(217,517,634)</u></b>	<u>(230,837,062)</u>
Gross profit		<b>53,888,590</b>	53,870,562
Other revenue and other income	5	<b>4,240,060</b>	3,068,840
Gains arising on change in fair value of investment properties		<b>13,796,128</b>	35,328,153
(Losses) gains arising on change in fair value of financial assets at fair value through profit or loss		<b>(2,573,048)</b>	1,079,639
Gain on disposal of investment property		–	107,714,185
Selling and distribution expenses		<b>(4,904,612)</b>	(4,531,617)
Administrative expenses		<b>(30,512,632)</b>	(30,191,422)
Other operating gains (losses)		<b><u>281,863</u></b>	<u>(466,607)</u>

**CONDENSED CONSOLIDATED INCOME STATEMENT** *(Continued)*

For the six months ended 30 September 2015

		<b>Six months ended 30 September</b>	
		<b>2015</b>	2014
Notes		<b>HK\$</b>	HK\$
		<b>(Unaudited)</b>	(Unaudited)
Profit from operations	6	<b>34,216,349</b>	165,871,733
Items reclassified from consolidated statement of comprehensive income:			
Cumulative gains arising on change in fair value of disposed available-for-sale financial assets		<b>1,091,633</b>	–
Finance costs	7	<b>(3,356,352)</b>	(3,882,274)
Share of results of associates		<b>(4,471)</b>	342,511
Profit before tax		<b>31,947,159</b>	162,331,970
Income tax expense	8	<b>(2,961,022)</b>	(2,169,964)
Profit for the period		<b><u>28,986,137</u></b>	<u>160,162,006</u>
Profit attributable to:			
Owners of the Company		<b>28,657,804</b>	154,801,247
Non-controlling interests		<b>328,333</b>	5,360,759
		<b><u>28,986,137</u></b>	<u>160,162,006</u>
Earnings per share			
Basic and diluted	10	<b><u>13.18 cents</u></b>	<u>71.20 cents</u>

Details of dividends are set out in note 9.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2015

	<b>Six months ended 30 September</b>	
	<b>2015 HK\$ (Unaudited)</b>	2014 HK\$ (Unaudited)
Profit for the period	<b>28,986,137</b>	160,162,006
<b>Other comprehensive income:</b>		
Items that may be subsequently reclassified to consolidated income statement:		
Exchange difference on translation of foreign operations:		
Exchange differences arising during the period	<b>(6,976,714)</b>	583,299
Available-for-sale financial assets:		
(Losses) gains arising on change in fair value	<b>(1,209,174)</b>	572,246
Items reclassified to consolidated income statement:		
Cumulative gains arising on change in fair value of disposed available-for-sale financial assets	<b>(1,091,633)</b>	—
Other comprehensive (loss) income for the period	<b>(9,277,521)</b>	1,155,545
Total comprehensive income for the period	<b>19,708,616</b>	161,317,551
Total comprehensive income attributable to:		
Owners of the Company	<b>19,463,473</b>	155,955,719
Non-controlling interests	<b>245,143</b>	5,361,832
	<b>19,708,616</b>	161,317,551

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	Notes	30 September 2015 HK\$ (Unaudited)	31 March 2015 HK\$ (Audited)
<b>NON-CURRENT ASSETS</b>			
Investment properties	11	<b>983,512,235</b>	620,717,335
Property, plant and equipment		<b>149,822,495</b>	152,540,456
Leasehold land and land use right		<b>16,365,979</b>	15,428,593
Interests in associates		<b>79,240,112</b>	78,262,495
Available-for-sale financial assets	12	<b>16,373,564</b>	27,421,084
Intangible assets		<b>3,702,706</b>	3,702,706
Other assets		<b>3,274,651</b>	3,026,691
		<b>1,252,291,742</b>	901,099,360
<b>CURRENT ASSETS</b>			
Inventories		<b>82,008,726</b>	73,115,686
Trade and other receivables	13	<b>281,785,303</b>	387,365,427
Financial assets at fair value through profit or loss	14	<b>10,291,350</b>	7,385,190
Loan receivable		<b>19,000,000</b>	19,000,000
Deposits and prepayments		<b>8,610,738</b>	4,711,616
Tax recoverable		<b>692,724</b>	300,956
Restricted cash		<b>4,100,000</b>	4,100,000
Trust accounts of shares dealing clients		<b>139,442,738</b>	101,447,297
Cash and cash equivalents		<b>73,755,002</b>	101,047,584
		<b>619,686,581</b>	698,473,756
<b>CURRENT LIABILITIES</b>			
Amount due to an associate		<b>543,243</b>	2,055,580
Trade and other payables	15	<b>275,356,545</b>	159,308,187
Bank loans and overdrafts	16	<b>172,757,983</b>	192,420,519
Tax payable		<b>4,818,657</b>	2,344,106
		<b>453,476,428</b>	356,128,392
<b>NET CURRENT ASSETS</b>		<b>166,210,153</b>	342,345,364
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,418,501,895</b>	1,243,444,724

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

At 30 September 2015

	Notes	<b>30 September 2015 HK\$ (Unaudited)</b>	31 March 2015 HK\$ (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Bank loans	16	<b>254,060,341</b>	96,415,614
Amounts due to non-controlling interest		<b>2,935,000</b>	2,935,000
Deferred tax liabilities		<b>6,560,061</b>	2,333,667
		<b><u>263,555,402</u></b>	<u>101,684,281</u>
<b>NET ASSETS</b>			
		<b><u>1,154,946,493</u></b>	<u>1,141,760,443</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	17	<b>217,418,850</b>	217,418,850
Reserves		<b>919,994,740</b>	907,053,833
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
		<b>1,137,413,590</b>	1,124,472,683
Non-controlling interests		<b>17,532,903</b>	17,287,760
<b>TOTAL EQUITY</b>			
		<b><u>1,154,946,493</u></b>	<u>1,141,760,443</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	ATTRIBUTABLE TO OWNERS OF THE COMPANY							
	SHARE CAPITAL	PROPERTY	EXCHANGE RESERVE	AVAILABLE-FOR-SALE SECURITIES	RETAINED PROFITS	SUBTOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
		REVALUATION RESERVE		REVALUATION RESERVE			CONTROLLING INTERESTS	
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
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 2015	217,418,850	3,178,526	52,462,512	299,000	851,113,795	1,124,472,683	17,287,760	1,141,760,443
Profit for the period	-	-	-	-	28,657,804	28,657,804	328,333	28,986,137
Other comprehensive loss for the period	-	-	(6,893,524)	(2,300,807)	-	(9,194,331)	(83,190)	(9,277,521)
Total comprehensive income for the period	-	-	(6,893,524)	(2,300,807)	28,657,804	19,463,473	245,143	19,708,616
Dividends paid	-	-	-	-	(6,522,566)	(6,522,566)	-	(6,522,566)
At 30 September 2015	217,418,850	3,178,526	45,568,988	(2,001,807)	873,249,033	1,137,413,590	17,532,903	1,154,946,493



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2015

	<b>Six months ended 30 September</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Net cash generated from operating activities	<b>194,569,495</b>	38,550,007
Net cash (used in) generated from investing activities	<b>(344,661,131)</b>	243,092,082
Net cash generated from (used in) financing activities	<b>138,172,959</b>	(195,224,942)
Net (decrease) increase in cash and cash equivalents	<b>(11,918,677)</b>	86,417,147
Cash and cash equivalents at the beginning of the period	<b>81,712,293</b>	21,698,688
Effect of foreign exchange rate changes	<b>(3,791,881)</b>	554,256
Cash and cash equivalents at the end of the period	<b>66,001,735</b>	108,670,091
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<b>73,755,002</b>	116,432,065
Bank overdrafts	<b>(7,753,267)</b>	(7,761,974)
	<b>66,001,735</b>	108,670,091

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

*For the six months ended 30 September 2015*

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

The condensed consolidated financial statements ("Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The financial information relating to the year end 31 March 2015 that is included in the half-year interim report 2016 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 March 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

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.

# Southeast Asia Properties & Finance Limited

## 1. BASIS OF PREPARATION *(Continued)*

The Interim Financial Statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2015.

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

## 2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2015.

Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) effective for the financing year ending 31 March 2016 do not have a material impact on the Group.

## 3. SEGMENT INFORMATION

The Directors consider the business from both a geographic and product perspective. From a geographic and product perspective, the Directors 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)

(1) Segment revenues and results

	Six months ended 30 September 2015			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	<b>19,196,217</b>	<b>226,918,642</b>	<b>25,291,365</b>	<b>271,406,224</b>
Segment results	<b>6,573,182</b>	<b>8,377,333</b>	<b>5,469,706</b>	<b>20,420,221</b>
Gains arising on change in fair value of investment properties	<b>13,796,128</b>	-	-	<b>13,796,128</b>
Profit from operations	<b>20,369,310</b>	<b>8,377,333</b>	<b>5,469,706</b>	<b>34,216,349</b>
Items reclassified to consolidated income statement:				
Cumulative gains arising on change in fair value of disposed available-for-sale financial assets				<b>1,091,633</b>
Unallocated finance costs				<b>(3,356,352)</b>
Share of results of associates				<b>(4,471)</b>
Profit before tax				<b>31,947,159</b>
Unallocated income tax expense				<b>(2,961,022)</b>
Profit for the period				<b>28,986,137</b>

## Southeast Asia Properties & Finance Limited

### 3. SEGMENT INFORMATION *(Continued)*

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

	Six months ended 30 September 2014			
	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	23,685,072	245,056,730	15,965,822	284,707,624
Segment results	11,630,088	6,487,698	4,711,609	22,829,395
Gains 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

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

Segment results represent the profit earned by each segment without allocation of finance costs, share of results of associates and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

3. SEGMENT INFORMATION (Continued)

(II) Segment assets and liabilities

	Property investments and development/hotel		Manufacturing and distribution of plastic packaging materials		Stock broking future and finance		Consolidated	
	30 September 2015 HK\$ (Unaudited)	31 March 2015 HK\$ (Audited)	30 September 2015 HK\$ (Unaudited)	31 March 2015 HK\$ (Audited)	30 September 2015 HK\$ (Unaudited)	31 March 2015 HK\$ (Audited)	30 September 2015 HK\$ (Unaudited)	31 March 2015 HK\$ (Audited)
<b>Assets</b>								
Reportable segment assets	<u>1,088,465,348</u>	<u>727,431,611</u>	<u>277,987,719</u>	<u>301,670,525</u>	<u>425,592,420</u>	<u>464,486,445</u>	<u>1,792,045,487</u>	<u>1,493,588,581</u>
Unallocated corporate assets							<u>79,932,836</u>	<u>105,984,535</u>
Total assets							<u>1,871,978,323</u>	<u>1,599,573,116</u>
<b>Liabilities</b>								
Reportable segment liabilities	<u>18,841,111</u>	<u>15,384,987</u>	<u>30,343,061</u>	<u>25,911,522</u>	<u>229,650,616</u>	<u>123,002,258</u>	<u>278,834,788</u>	<u>164,298,767</u>
Unallocated corporate liabilities							<u>438,197,042</u>	<u>293,513,906</u>
Total liabilities							<u>717,031,830</u>	<u>457,812,673</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 recoverable; and
- all liabilities are allocated to reportable segments, other than bank loans and overdrafts, tax payable and deferred tax liabilities.

## Southeast Asia Properties & Finance Limited

### 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	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Amount included in the measure of segment result or segment assets:</b>								
Additions to non-current assets (Note)	349,055,241	79,834,672	6,915,982	316,782	2,914,622	566,632	358,885,845	80,718,086
Amortisation of leasehold land and land use right	11,543	11,543	253,237	182,770	-	-	264,780	194,313
Depreciation of property, plant and equipment	2,116,800	2,058,460	3,509,410	3,628,555	159,204	265,669	5,785,414	5,952,684
Gain arising on change in fair value of investment properties	13,796,128	35,328,153	-	-	-	-	13,796,128	35,328,153
Impairment loss recognised in respect of trade receivables	-	-	-	1,179,481	-	31,983	-	1,211,464
Interest income	476,322	476,309	885,538	177,636	152,288	81,106	1,514,148	735,051
Loss on disposal of property, plant and equipment	-	60,203	-	-	-	-	-	60,203
<b>Amount regularly provided to the CODM but not included in the measure of segment results or segment assets:</b>								
Interests in associates	-	-	-	-	-	-	79,240,112	75,856,729
Finance costs	-	-	-	-	-	-	3,356,352	3,882,274
Income tax expense	-	-	-	-	-	-	2,961,022	2,169,964
Share results of associates	-	-	-	-	-	-	(4,471)	342,511

Note: Additions to non-current assets consist of additions to investment property, property, plant and equipment, leasehold land and land use right and other assets.

3. SEGMENT INFORMATION (Continued)

(IV) Geographical segment

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

	<b>Turnover from external customers Six months ended 30 September</b>	
	<b>2015 HK\$ (Unaudited)</b>	2014 HK\$ (Unaudited)
Hong Kong	<b>122,849,980</b>	83,501,076
North America	<b>18,439,221</b>	19,492,383
Oceania	<b>13,047,549</b>	18,148,868
Europe	<b>21,594,788</b>	26,205,810
PRC	<b>64,748,173</b>	27,066,921
Other Asian countries	<b>30,726,513</b>	110,292,566
	<b>271,406,224</b>	284,707,624

	<b>Non-current assets (Note)</b>	
	<b>30 September 2015 HK\$ (Unaudited)</b>	31 March 2015 HK\$ (Audited)
Hong Kong	<b>1,104,397,304</b>	745,108,014
PRC	<b>101,482,903</b>	99,514,379
	<b>1,205,880,207</b>	844,622,393

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



## Southeast Asia Properties & Finance Limited

### 3. 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:

	<b>Six months ended 30 September</b>	
	<b>2015 HK\$ (Unaudited)</b>	2014 HK\$ (Unaudited)
Manufacturing and distribution of plastic packaging materials		
Customer A	<b>26,291,149</b>	30,379,672
Customer B <i>(note)</i>	<b>43,391,366</b>	N/A

*Note:* Revenue from Customer B did not contribute over 10% of turnover of the Group during six months ended 30 September 2014.

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

4. **TURNOVER**

	<b>Six months ended 30 September</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Sale of goods	<b>226,918,641</b>	245,056,730
Rental income	<b>9,559,673</b>	10,955,977
Brokerage commission	<b>15,331,631</b>	7,792,863
Interest income received from clients	<b>9,337,722</b>	6,930,163
Hotel operation income	<b>9,636,545</b>	12,729,095
Dividend income		
– Listed equity securities	<b>601,409</b>	717,796
– Unlisted equity securities	<b>20,603</b>	525,000
	<b>271,406,224</b>	284,707,624

5. **OTHER REVENUE AND OTHER INCOME**

	<b>Six months ended 30 September</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Interest income	<b>1,514,148</b>	735,051
Other income	<b>2,670,912</b>	2,270,928
Reversal of impairment loss recognised in respect of trade receivables	<b>55,000</b>	62,861
	<b>4,240,060</b>	3,068,840

6. PROFIT FROM OPERATIONS

	<b>Six months ended 30 September</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Profit from operations has been arrived at after charging (crediting):		
Cost of inventories sold	<b>182,410,889</b>	202,134,897
Impairment loss recognised in respect of trade receivables	–	1,211,464
Exchange (gains) losses	<b>(298,225)</b>	443,187
Staff costs (including directors' remuneration)		
Salaries, wages and allowances	<b>26,953,514</b>	25,090,475
Staff benefits	<b>1,642,790</b>	1,870,878
Defined contribution plans	<b>459,525</b>	451,445
	<b>29,055,829</b>	27,412,798
Operating lease rental in respect of office premises	<b>2,174,535</b>	2,035,326
Amortisation of leasehold land and land use right	<b>264,780</b>	194,313
Depreciation of property, plant and equipment	<b>5,785,414</b>	5,952,684

**7. FINANCE COSTS**

	<b>Six months ended 30 September</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Interest on:		
Bank loans and overdrafts wholly repayable:		
within five years	<b>996,094</b>	1,460,502
over five years	<b>1,921,760</b>	1,952,772
Amounts due to related companies	<b>19,678</b>	209,094
Other borrowings	<b>5,157</b>	2,974
Bank charges	<b>413,663</b>	256,932
	<b>3,356,352</b>	3,882,274

**8. INCOME TAX EXPENSE**

	<b>Six months ended 30 September</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Current income tax:		
Hong Kong profits tax	<b>2,988,599</b>	2,220,827
Deferred income tax	<b>(27,577)</b>	(50,863)
	<b>2,961,022</b>	2,169,964

Hong Kong profits tax is calculated at 16.5% (six months ended 30 September 2014: 16.5%) on the estimated assessable profit for the period.

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

Under the Law of the People Republic of China (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 2014: 25%).

No provision for 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

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: a special dividend of HK\$0.25 per share).

Final dividend relating to the year ended 31 March 2015 amounting to HK\$6,522,566 was paid in September 2015.

### 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\$28,657,804 (six months ended 30 September 2014: HK\$154,801,247) and on the weighted average number of 217,418,850 (six months ended 30 September 2014: 217,418,850) ordinary shares in issue during the period.

### 11. INVESTMENT PROPERTIES

	HK\$
<b>Fair Value</b>	
At 1 April 2014	767,557,960
Addition	78,801,310
Disposal	(270,000,000)
Gain arising on change in fair value	<u>44,358,065</u>
At 31 March 2015 and at 1 April 2015 (Audited)	620,717,335
Addition	348,998,772
Gain arising on change in fair value	<u>13,796,128</u>
<b>At 30 September 2015 (Unaudited)</b>	<b><u><u>983,512,235</u></u></b>

**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 valuation of the investment properties at 30 September 2015 and 31 March 2015 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 2015 HK\$ (Unaudited)</b>	31 March 2015 HK\$ (Audited)
Inside Hong Kong, held under medium term lease	<b>882,390,000</b>	526,460,000
Inside Hong Kong, held under long term lease	<b>96,260,000</b>	89,320,000
Outside Hong Kong, held under medium term lease	<b>4,862,235</b>	4,937,335
	<b>983,512,235</b>	620,717,335
	<b>983,512,235</b>	620,717,335

**(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.

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

**(i) Fair value hierarchy** *(Continued)*

	Level 1	Level 2	Level 3	Total
<b>At 30 September 2015</b>				
Fair value on a recurring basis				
Investment properties:				
- Located in Hong Kong	-	75,620,000	903,030,000	978,650,000
- Located outside Hong Kong	-	3,021,384	1,840,851	4,862,235
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>At 31 March 2015</b>				
Fair value on a recurring basis				
Investment properties:				
- Located in Hong Kong	-	69,750,000	546,030,000	615,780,000
- Located outside Hong Kong	-	3,010,109	1,927,226	4,937,335
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

There were no transfers between Level 1, Level 2 and Level 3 during the period.

**(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.

11. INVESTMENT PROPERTIES (Continued)

(iii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Investment properties located outside Hong Kong	Investment method	Reversionary yield	31 March 2015: 4% 30 September 2015: 2.75% to 12%
	Market comparison approach	Discount on quality of the buildings	31 March 2015: (15%) 30 September 2015: (2.5%) to (13.5%)
Investment properties located in Hong Kong	Investment method	Reversionary yield	31 March 2015: 3% to 5% 30 September 2015: 3%
	Market comparison approach	(Discount) premium on quality of the buildings	31 March 2015: (2%) to 6% 30 September 2015: (0.08%) to 27.5%

Reversionary yield is the rate taking into account the capitalisation of rental income potential, nature of the property and prevailing market condition. The fair value measurements are negatively correlated to the reversionary yield.

Valuation used 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.



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### 11. 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 investment properties under Level 3, measured at fair value using a valuation technique with significant unobservable inputs:

#### The Group

*Investment properties located in Hong Kong:*

At 1 April 2015	615,780,000
Addition	348,998,772
Fair value adjustment	13,871,228
	<hr/>
<b>At 30 September 2015</b>	<b>978,650,000</b>
	<hr/> <hr/>

#### The Group

*Investment properties located outside Hong Kong:*

At 1 April 2015	4,937,335
Fair value adjustment	(75,100)
	<hr/>
<b>At 30 September 2015</b>	<b>4,862,235</b>
	<hr/> <hr/>

### 12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Unlisted investments:

- Equity securities in Hong Kong
- Equity securities outside Hong Kong

Listed investments:

- Equity securities listed in Hong Kong

<b>30 September 2015 (Unaudited)</b>	31 March 2015 (Audited)
<b>946,000</b>	946,000
<b>335,100</b>	335,100
	<hr/>
<b>1,281,100</b>	1,281,100
<b>15,092,464</b>	26,139,984
	<hr/>
<b>16,373,564</b>	27,421,084
	<hr/> <hr/>

**12. AVAILABLE-FOR-SALE FINANCIAL ASSETS** *(Continued)*

The unlisted investments are measured at cost less impairment because they do not have a quoted market price in an active market and hence, in the opinion of the directors, the range of reasonable fair value estimates is so significant that the directors are of the opinion that the fair values cannot be measured.

Fair value of listed securities are determined with reference to quoted market bid prices at the end of the reporting period.

**13. TRADE AND OTHER RECEIVABLES**

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

	<b>30 September 2015 HK\$ (Unaudited)</b>	31 March 2015 HK\$ (Audited)
Trade receivables from:		
– Clearing house and cash clients	<b>108,562,283</b>	62,113,094
– Secured margin clients	<b>126,355,037</b>	157,011,122
– Initial public offering margin clients	–	116,695,863
– Other customers	<b>40,188,103</b>	38,154,674
	<b>275,105,423</b>	373,974,753
Less: Allowance for doubtful debts	<b>(9,410,949)</b>	(9,416,948)
	<b>265,694,474</b>	364,557,805
Other receivables	<b>16,090,829</b>	22,807,622
	<b>281,785,303</b>	387,365,427

Trade receivables from other customers comprised 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.

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

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 2015 HK\$ (Unaudited)</b>	31 March 2015 HK\$ (Audited)
0 – 30 days	<b>119,666,750</b>	53,945,818
31 – 60 days	<b>4,537,396</b>	2,941,785
Over 60 days	<b>15,135,291</b>	33,963,217
	<b>139,339,437</b>	90,850,820

Included in trade receivables, HK\$126,355,037 (net of allowance on bad and doubtful debts) (31 March 2015: HK\$157,011,122) 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 2015, the total market value of securities pledged as collateral by the customers in respect of the advances to customers is HK\$216,262,987 (31 March 2015: HK\$261,817,300). No aging analysis is disclosed as, in the opinion of the directors, the aging analysis is not meaningful in view of the revolving nature of the business of securities margin financing.

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

	<b>30 September 2015 HK\$ (Unaudited)</b>	31 March 2015 HK\$ (Audited)
Listed securities:		
– Equity securities listed in Hong Kong, at fair value	<b>10,291,350</b>	7,385,190
	<u><u>10,291,350</u></u>	<u><u>7,385,190</u></u>

At the end of the reporting period, financial assets at fair value through profit or loss are stated at fair value. Fair values of listed securities are determined with reference to quoted market bid prices.

**15. 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 2015 HK\$ (Unaudited)</b>	31 March 2015 HK\$ (Audited)
Trade payables to:		
– Clearing house and cash clients	<b>164,049,709</b>	99,987,443
– Secured margin clients	<b>55,848,763</b>	15,670,648
– Others	<b>12,436,304</b>	9,986,424
	<u><b>232,334,776</b></u>	<u>125,644,515</u>
Other payables	<b>43,021,769</b>	33,663,672
	<u><u>275,356,545</u></u>	<u><u>159,308,187</u></u>

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### 15. TRADE AND OTHER PAYABLES *(Continued)*

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 2015 HK\$ (Unaudited)</b>	31 March 2015 HK\$ (Audited)
0 –30 days	<b>228,805,890</b>	123,114,161
31 – 60 days	<b>2,883,949</b>	1,479,555
Over 60 days	<b>644,937</b>	1,050,799
	<b>232,334,776</b>	125,644,515

### 16. BANK LOANS AND OVERDRAFTS

	<b>30 September 2015 HK\$ (Unaudited)</b>	31 March 2015 HK\$ (Audited)
Secured bank overdrafts	<b>7,753,267</b>	19,335,291
Secured bank loans	<b>409,065,057</b>	269,500,842
Unsecured bank loans	<b>10,000,000</b>	–
	<b>426,818,324</b>	288,836,133
Carrying amount repayable:		
Within one year	<b>172,757,983</b>	192,420,519
More than one year, but not exceeding two years	<b>21,418,151</b>	11,169,608
More than two years, but not exceeding five years	<b>183,430,620</b>	32,565,566
Over five years	<b>49,211,570</b>	52,680,440
	<b>426,818,324</b>	288,836,133
Less: Amounts due within one year shown under current liabilities	<b>(172,757,983)</b>	(192,420,519)
Amounts shown under non-current liabilities	<b>254,060,341</b>	96,415,614

**16. BANK LOANS AND OVERDRAFTS** *(Continued)*

The secured bank loans and bank overdrafts were secured by the Group's assets as described in note 19 and bear interest rate at rates ranging from 0.8% to 5.25% (31 March 2015: 0.9% to 2.89%) per annum.

The unsecured bank loans carrying interest rate at Hong Kong Interbank offered Rate ("HIBOR") plus 1.5% (31 March 2015: HIBOR plus 1.5%) per annum.

**17. SHARE CAPITAL**

	<b>30 September 2015</b>	<b>30 September 2015</b>	31 March 2015	31 March 2015
	<b>Number of shares (Unaudited)</b>	<b>HK\$ (Unaudited)</b>	Number of shares (audited)	HK\$ (audited)
<b>Issued and fully paid:</b>				
At the beginning and the end of the reporting period	<b>217,418,850</b>	<b>217,418,850</b>	217,418,850	217,418,850

**18. PROPERTY, PLANT AND EQUIPMENT**

During the period, the Group acquired items of property, plant and equipment of HK\$5,756,595 (six months ended 30 September 2014: HK\$1,375,854).

**19. PLEDGE OF ASSETS**

The Group had the following assets pledged to banks to secure general banking facilities granted to the Group:

	<b>30 September 2015</b>	31 March 2015
	<b>HK\$ (Unaudited)</b>	HK\$ (Audited)
Investment properties	<b>532,390,000</b>	526,460,000
Buildings	<b>65,345,003</b>	67,050,154
Available-for-sales financial assets	<b>14,174,463</b>	17,458,814
Financial assets at fair value through profit or loss	<b>11,200,075</b>	2,657,880
Restricted cash	<b>4,100,000</b>	4,100,000
	<b>627,209,541</b>	617,726,848

## 20. OPERATING LEASE COMMITMENTS

### As lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	<b>30 September 2015 HK\$ (Unaudited)</b>	31 March 2015 HK\$ (Audited)
Within one year	<b>1,506,655</b>	2,940,694
In the second to fifth year inclusive	<b>587,151</b>	1,631,069
	<b>2,093,806</b>	4,571,763

### As lessor

Property rental income earned during the period was HK\$9,559,683 (six months ended 30 September 2014: HK\$10,955,977). 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 2014: 1% to 10%) on an ongoing basis respectively. All of the properties held have committed tenants for the next 1 to 3 years.

As at the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	<b>30 September 2015 HK\$ (Unaudited)</b>	31 March 2015 HK\$ (Audited)
Within one year	<b>23,910,236</b>	12,049,600
In the second to fifth year inclusive	<b>16,858,874</b>	10,146,487
	<b>40,769,110</b>	22,196,087

**21. CAPITAL COMMITMENTS**

	<b>30 September 2015 HK\$ (Unaudited)</b>	31 March 2015 HK\$ (Audited)
Contracted for but not provided in the financial statement in respect of factory renovation and purchase of machines	<b>3,282,736</b>	–

**22. RELATED PARTIES TRANSACTIONS**

Save as disclosed in these Interim Financial Statements, the Group entered into the following transactions with related parties:

	<b>Six months ended 30 September</b>	
	<b>2015 HK\$ (Unaudited)</b>	2014 HK\$ (Unaudited)
(i) Payment to a company in which the Chairman of the Group has controlling interest – rental expenses	<b>599,463</b>	463,038
(ii) Interest payment to related companies in which the Chairman has controlling interest	<b>19,678</b>	209,094
(iii) Remuneration of the other key management personnel was disclosed as follows:		
Short-term employee benefits	<b>1,291,817</b>	1,435,328
MPF contribution	<b>39,150</b>	41,306
(iv) Remuneration paid to close family members of key management personnel	<b>432,668</b>	379,179



## **Southeast Asia Properties & Finance Limited**

### **23. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the current period's presentation.

### **24. EVENTS AFTER THE REPORTING PERIOD**

No significant events took place subsequent to 30 September 2015.

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

The Interim Financial Statements was approved and authorised for issue by the Board of Directors on 18 November 2015.

## **INTERIM RESULTS**

The Group's turnover amounted HK\$271.4 million for the six months ended 30 September 2015, representing a decrease of HK\$13.3 million, or 4.7% as compared to the corresponding period in 2014. The Group's profit before tax for the six months ended 30 September 2015 was HK\$31.9 million, representing a decrease of HK\$130.4 million, or 80.3% as compared to the corresponding period in 2014. Profit attributable to owners of the Company for the six months ended 30 September 2015 amounted HK\$28.7 million, representing a decrease of HK\$126.1 million, or 81.5% as compared to the corresponding period in 2014.

The interim results of the Group for the six months ended 30 September 2015 recorded a significant decrease in profit as compared to the corresponding period in 2014 was mainly attributable to the decrease in the gains arising on change in fair value of the Group's investment properties of approximately HK\$21.5 million and an one-off gain on disposal of one of the Group's investment properties of approximately HK\$107.7 million incurred in the corresponding period in 2014.

## **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 19.0% decrease in revenue to HK\$19.2 million and 43.5% decrease in segment profit to HK\$6.6 million for the six months ended 30 September 2015 as compared to the corresponding period in 2014. Including the gain arising on change in fair value of investment properties of HK\$13.8 million, the operating profit was HK\$20.4 million for the six months ended 30 September 2015.

## Southeast Asia Properties & Finance Limited

### (i) Property Investment and Development

During the period, the Group acquired the whole block of Everglory Centre located at Tsim Sha Tsui, Kowloon, Hong Kong through acquiring a subsidiary. This acquisition enlarges the investment properties portfolio of the Group and enhances source of rental income.

All of the Group's investment properties were leased out to generate steady rental income for the Group and the total rental income generated by the Group amounted to HK\$9.6 million during the period.

### (ii) Hotel

During the period, the performance was adversely affected by the decline in overnight visitors from Mainland China, the loss of tourists from Southeast Asia due to the weakening of most of the currencies relative to the US dollars and the intense price competition. The room occupancy decreased by 3.1% with a sharp decline of 21.6% in average room rate, resulting in total room revenue of \$9.6 million, a substantial decrease of 24.3% as compared to the corresponding period in 2014.

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

During the period, the segment recorded a 9.8% decrease in revenue to HK\$226.9 million mainly due to a significant drop in the cost of resin from US\$1,538/MT to US\$1,292/MT. However, the segment profit increased by 29% as compared to the corresponding period in 2014 to HK\$8.4 million.

The global economy was stagnant and countries around the world further devalued their respective currencies and strengthened their existing monetary stimulus to stimulate their own economy to avoid a hard landing. Under such business environment, our export sales were adversely impacted as we recorded a drop in sales volume, however, we were able to partially recoup the drop with an increase in domestic sales.

Operating environment remained challenging as the cost of labour continues to surge coupled with a strong Renminbi putting immense pressure on Chinese exporters to compete globally. The Group focused on developing higher value products and adopted innovation technologies to improve product quality and efficiency.

### *Stock Broking, Futures and Finance*

At the beginning of the period, Hong Kong stock market was full of vitality, as a huge amount of Public Equity Fund was emerged into the market from China, which was allowed to participate into the Hong Kong stock market through the "Shanghai-Hong Kong Stock Connect" mechanism. It boosted the Hang Seng Index reached its highest point at 28,589 by the end of the April with average daily turnover over 150 billion.

When "Mad Bull" A share market appeared, in order to assure to operate the market steadily, China Securities Regulatory Commission constrained the margin and stock lending measures to suppress the overwhelming. The economists predict that the whole-world economy would be slowing down especially in China in the coming year together with the continuous depreciation of Renminbi in China. Those are the negative impacts on the stock market. Foreign investors began to withdraw their investments on a large scale from China. Consequently the Hong Kong stock market dropped by more than 8,000 points to its lowest 20,368 by the end of September 2015.

Facing the fluctuation of the market, however, our business still benefit from the high volume of turnover. For the six months ended 30 September 2015, the brokerage commission of securities trading recorded a significant increase of 113% to HK\$13.2 million and interest income received from margin clients recorded an increase of 36% to HK\$9.5 million.

With regard to the commodities trading, as of the end of September 2015, it recorded a total commission income of HK\$2.2 million, an increase of 34% as compared to the corresponding period in 2014.

According to the statistics provided by HKFE, Stockwell Commodities Limited ranks 21st among the 152 futures trading participants.

### **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.

## **Southeast Asia Properties & Finance Limited**

As at 30 September 2015, cash and bank equivalents were HK\$73.8 million (31 March 2015: HK\$101.0 million) and trade and other receivables were HK\$281.8 million (31 March 2015: HK\$387.4 million). Trade and other payables were HK\$275.4 million (31 March 2015: HK\$159.3 million). The decrease in cash and bank equivalents was primarily attributable to the settlement of part of the consideration of acquisition of a subsidiary. 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 2015, the Group's bank loans and overdraft increased from HK\$288.8 million as at 31 March 2015 to HK\$426.8 million, in which the short-term loans amounted to HK\$172.8 million (31 March 2015: HK\$192.4 million) and long-term loans amounted to HK\$254.0 million (31 March 2015: HK\$96.4 million). The Group's current period net debt to equity ratio was 31% (31 March 2015: 16%), 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 increase in the net debt to equity ratio was mainly due to the new bank loans for acquisition of a subsidiary.

### **Capital Structure**

As at 30 September 2015, the Group's total equity attributable to owners of the Company amounted to HK\$1,137.4 million (31 March 2015: HK\$1,124.5 million). The Group's consolidated net assets per share as at 30 September 2015 was HK\$5.31 (31 March 2015: HK\$5.25).

### **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 considered that there is no significant foreign exchange risk in respect of Rmb.

### **Material Acquisitions and Disposals**

On 29 May 2015, the Company and Merit Ascent International Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Kasing Investment Limited (the "First Seller") and Sunlight REIT Finance Limited (the "Second Seller") pursuant to which the Purchaser agreed to purchase, and the First Seller agreed to sell the entire issued share capital of Strong Bright Technology Limited (the "Target") and the First Seller agreed to assign the benefit of the shareholder loan owed by the Target to the Purchaser and the Second Seller agreed to assign the benefit of the sales loan owned by the Target to the Purchaser for a total consideration of HK\$336,880,000.

The acquisition was completed at 31 July 2015.

Save as disclosed above, during the six months ended 30 September 2015, there was no other material acquisitions or disposals of subsidiaries or associated companies.

### **Employees and Remuneration Policies**

The Group had 445 employees as at 30 September 2015 (31 March 2015: 473). 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 limitation of land supply will continue to benefit the local property market. Rental income from the Group's investment properties is expected to remain stable while certain rental leases have been adjusted during contract renewal according to market conditions.

### **Hotel**

The difficult business environment and challenges from the uncertain global economy, the increasing supply of hotel rooms and the weakening of most of the currencies relative to the US dollars will continue to have a negative impact on hotel performance. To cope with this situation, the hotel will focus on staying competitive in room rate and developing new market segments. The hotel business remains optimistic about the operating performance in Hong Kong and will continue to strive for steady growth in the coming future.

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

It is expected that the operating environment this year will be full of challenges as China continue to experience downturn pressure which will have a significant impact on the rest of the world. The one-off devaluation of the Renminbi in August was aim primarily at giving markets a greater role in determining the renminbi exchange rate, with the goal of enabling deeper currency reform rather than boost exports. Moreover, China is committed to its long-term goal of shifting the labour intensive and export-based growth model to one driven by domestic consumption, therefore a persistent weakening of the Renminbi is unlikely as it is inconsistent with the fundamentals of the economy.

A free-trade agreement between China and Australia originally struck in November 2014 will now be approved by the Australian Parliament and will be in place before the end of the year. This comes as a consolation against the devaluation of the Australian dollar and the similar pacts that Australia had already sealed with countries in the region. Nevertheless, China actively seeking free-trade pact with countries around the world will create opportunities for the industrial sector to explore and may boost exports.

Global policymakers is expected to announce further quantitative easing programme coupled with deposit rate cut to reinforce the defences against the spectre of global economic disaster. China economy is being hamstrung by weak demand and excessive industrial capacity. The People's Bank of China (PBOC) has cut the benchmark one-year interest rates for the fourth time this year to 4.35% and lowered big banks' reserve requirement ratio to 17.5% emphasises just how seriously its policymakers are taking the deteriorating growth outlook. The Communist Party will kick off the fifth plenary session of its top leadership in late October, who is scheduled to review proposals for the country's next five-year plan of national economic and social development, setting growth targets and defining development blueprint for 2016-20.

Exports face a bleak outlook with weak global demand and a strong Renminbi. Furthermore, the effect of the devaluation of the Yen, Australian dollars and the Euro will continue to haunt our sales as competitions intensify further with local manufacturing becoming economically feasible. The Group will continue to modernise our manufacturing facilities, automate our workflow to improve operational efficiency and adopt innovative technologies to strengthen our productivity and capability.

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

Subsequent to a basket of market rescue programme conducted by China, stock market became stable. Together with the launching of "Mutual Recognition Scheme", such revenues can invest direct to each other's markets in bilateral ways, it could induce both the Hong Kong and China capital market more glowingly. China has experienced the lowest GDP growth in the third quarter this year, and it is expected to perform better in the forth quarter in 2015. China should have further action in subsequent reduction of Reserve Requirement Ratio (RRR) and interest ratio to stimulate the economy.

Hong Kong stock market is highly correlated with the external investment atmosphere and our business performance is mostly related to the turnover of the stock market.

We have integrated some of our branches and commodities sections to our head office in October this year. It would significantly reduce the rental expenses and provide the flexibility in deploying manpower and sharing in resources and make efficient in control and management.

### **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: a special dividend of HK\$0.25 per share).



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

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

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

Pursuant to Code A.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 and become eligible for re-election at each annual general meeting 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 year, certain executive director and non-executive director were unable to attend the annual general meeting of the Company held on 21 August 2015 as they had other business engagements.

## COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' DEALING IN SECURITIES

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" ("Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors of the Company. The Company has made specific enquiry of all Directors and all the Directors have complied with the required standard laid down in the Model Code.

## DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30 September 2015, 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	-	88,315,045 (Note 2)	-	41.72
Mr. Chua Nai King	3,426,155	-	2,814,365 (Note 2)	16,200,246 (Note 3)	10.32
Mr. Nelson Junior Chua	2,173,800	-	-	-	1.00
Mr. Gilson Chua	2,239,031	-	-	-	1.03
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 Peso 1,000.00 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 2015.

*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 2015 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 2015 as recorded in the register kept by the Company under section 336 of the SFO:

	<b>No. of Ordinary Shares held</b>	<b>% of the Issued Share Capital</b> <i>(Note)</i>
J & N International Limited ("J & N")	53,136,808	24.44
Sonliet Investment Company Limited ("Sonliet")	35,178,237	16.18
Julius Baer Trust Company (Singapore) Limited ("Julius")	16,200,246	7.45

*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 2015.

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 Julius'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 2015, 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 of the Company, which comprises four independent non-executive directors of the Company, namely Mr. Chan Siu Ting (Chairman of the Audit Committee), Mr. James L. Kwok, Mr. Wong Shek Keung and Mr. Tsui Ka Wah and two non-executive directors of the Company, namely Mr. Chan Man Hon, Eric and Mr. Tsai Han Yung. The interim results of the Group for the six months ended 30 September 2015 have been reviewed by the Audit Committee, prior to their approval by the Board.

## **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, 18 November 2015

*As at the date of this 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.*