



SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Stock code : 252



2016-17 Interim Report

CORPORATE INFORMATION

Board Of Directors

Executive Directors

Mr. Chua Nai Tuen
(*Chairman and Managing Director*)

Mr. Chua Nai King
(*Deputy Chairman*)
(Retired on 26 August 2016)

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,
26th Floor, KP Tower,
93 King's Road, North Point,
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 financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2016, together with comparative figures of the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2016

		Six months ended 30 September	
	Notes	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Revenue	5	243,255,667	271,406,224
Cost of sales		(189,448,391)	<u>(217,517,634)</u>
Gross profit		53,807,276	53,888,590
Other revenue and other income	6	5,551,117	4,240,060
Gains arising on change in fair value of investment properties		11,284,445	13,796,128
Losses arising on change in fair value of financial assets at fair value through profit or loss		(319,575)	(2,573,048)
Selling and distribution expenses		(4,975,944)	(4,904,612)
Administrative expenses		(25,929,217)	(30,512,632)
Other operating gains		207,743	<u>281,863</u>

CONDENSED CONSOLIDATED INCOME STATEMENT

(Continued)

For the six months ended 30 September 2016

		Six months ended	
		30 September	
		2016	2015
Notes		HK\$	HK\$
		(Unaudited)	(Unaudited)
Profit from operations	7	39,625,845	34,216,349
Items reclassified from condensed consolidated statement of comprehensive income:			
Cumulative gains arising on change in fair value of disposed available-for-sale financial assets		–	1,091,633
Finance costs	8	(3,886,315)	(3,356,352)
Share of results of associates		(564,119)	(4,471)
Profit before tax		35,175,411	31,947,159
Income tax expense	9	(3,808,877)	(2,961,022)
Profit for the period		31,366,534	28,986,137
Profit for the period attributable to:			
Owners of the Company		30,118,983	28,657,804
Non-controlling interests		1,247,551	328,333
		31,366,534	28,986,137
Earnings per share			
Basic and diluted (HK cents)	11	13.85	13.18

Details of dividends are set out in note 10.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2016

	Six months ended 30 September	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Profit for the period	31,366,534	28,986,137
Other comprehensive income (loss):		
Items that may be subsequently reclassified to condensed consolidated income statement:		
Gains/(losses) arising on change in fair value of available-for-sale financial assets	2,081,998	(1,209,174)
Exchange difference on translation of foreign operations	(6,537,732)	(6,976,714)
Items reclassified to condensed consolidated income statement:		
Cumulative gains arising on change in fair value of disposed available-for-sale financial assets	—	(1,091,633)
Other comprehensive loss for the period	(4,455,734)	(9,277,521)
Total comprehensive income for the period	26,910,800	19,708,616
Total comprehensive income for the period attributable to:		
Owners of the Company	25,648,302	19,463,473
Non-controlling interests	1,262,498	245,143
	26,910,800	19,708,616

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

	Notes	30 September 2016 HK\$ (Unaudited)	31 March 2016 HK\$ (Audited)
Non-current assets			
Investment properties	12	943,440,113	932,155,668
Property, plant and equipment	13	188,135,570	191,346,807
Leasehold land and land use right		15,109,097	15,890,009
Interests in associates		81,907,281	81,592,537
Available-for-sale financial assets	14	19,548,924	17,276,256
Intangible assets		3,702,706	3,702,706
Deferred tax assets		1,351,963	1,402,126
Other assets		2,861,209	2,928,094
		1,256,056,863	1,246,294,203
Current assets			
Inventories		56,748,961	59,032,659
Trade and other receivables	15	183,925,803	158,019,353
Financial assets at fair value through profit or loss	16	5,062,100	5,485,293
Loan receivable		19,000,000	19,000,000
Deposits and prepayments		12,191,462	7,550,205
Prepaid tax		3,940,037	2,812,125
Restricted cash		4,100,000	4,100,000
Trust accounts of shares dealing clients		101,451,119	104,776,670
Cash and cash equivalents		91,058,089	81,359,380
		477,477,571	442,135,685
Current liabilities			
Amount due to an associate		322,287	478,907
Trade and other payables	17	190,363,817	160,263,490
Bank loans	18	108,406,283	106,143,788
Tax payable		4,433,533	1,639,160
		303,525,920	268,525,345
Net current assets		173,951,651	173,610,340
Total assets less current liabilities		1,430,008,514	1,419,904,543

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 September 2016

	Notes	30 September 2016 HK\$ (Unaudited)	31 March 2016 HK\$ (Audited)
Non-current liabilities			
Bank loans	18	232,698,801	243,387,421
Amounts due to non-controlling interests		2,960,000	2,960,000
Deferred tax liabilities		7,385,065	6,980,708
		<u>243,043,866</u>	<u>253,328,129</u>
Net assets		<u>1,186,964,648</u>	<u>1,166,576,414</u>
Capital and reserves			
Share capital	19	217,418,850	217,418,850
Reserves		949,063,138	929,937,402
Total equity attributable to owners of the Company		1,166,481,988	1,147,356,252
Non-controlling interests		20,482,660	19,220,162
Total equity		<u>1,186,964,648</u>	<u>1,166,576,414</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	ATTRIBUTABLE TO OWNERS OF THE COMPANY									
	PROPERTY		EXCHANGE RESERVE	AVAILABLE- FOR-SALE SECURITIES		RETAINED PROFITS	SUBTOTAL	NON- CONTROLLING INTERESTS		TOTAL EQUITY
	SHARE CAPITAL	REVALUATION RESERVE		REVALUATION RESERVE	REVALUATION RESERVE			INTERESTS		
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
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		
At 1 April 2016	217,418,850	4,278,755	43,746,967	151,500	881,760,180	1,147,356,252	19,220,162	1,166,576,414		
Profit for the period	-	-	-	-	30,118,983	30,118,983	1,247,551	31,366,534		
Other comprehensive loss for the period	-	-	(6,552,679)	2,081,998	-	(4,470,681)	14,947	(4,455,734)		
Total comprehensive income for the period	-	-	(6,552,679)	2,081,998	30,118,983	25,648,302	1,262,498	26,910,800		
Dividends paid	-	-	-	-	(6,522,566)	(6,522,566)	-	(6,522,566)		
At 30 September 2016	217,418,850	4,278,755	37,194,288	2,233,498	905,356,597	1,166,481,988	20,482,660	1,186,964,648		

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	Six months ended 30 September	
	2016	2015
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	36,949,222	194,569,495
Net cash used in investing activities	(4,975,866)	(344,661,131)
Net cash (used in) generated from financing activities	(18,991,625)	<u>138,172,959</u>
Net increase (decrease) in cash and cash equivalents	12,981,731	(11,918,677)
Cash and cash equivalents at the beginning of the period	81,359,380	81,712,293
Effect of foreign exchange rate changes	(3,283,022)	<u>(3,791,881)</u>
Cash and cash equivalents at the end of the period	<u>91,058,089</u>	<u>66,001,735</u>
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	91,058,089	73,755,002
Bank overdrafts	<u>-</u>	<u>(7,753,267)</u>
	<u>91,058,089</u>	<u>66,001,735</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of the Company are located at Units 407-410, 4th Floor, Tower 2, Silvercord, No. 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

The principal activities of the Group are investment holding, property investment, development and leasing, hotel operation, manufacturing and distribution of plastic packaging materials and broking and securities margin financing.

The condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated 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 on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The financial information relating to the year end 31 March 2016 that is included in these condensed consolidated financial statements 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 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622).

2. BASIS OF PREPARATION *(Continued)*

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

The condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2016.

3. 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 2016.

The Group has adopted the following revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these condensed consolidated financial statements:

Amendments to HKFRS 10, HKAS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27(2011)	Equity Method in Separate Financial Statements
Annual Improvements to 2012-2014 Cycle	Amendments to numbers of HKFRSs

The adoption of the revised HKFRSs has had no significant financial effect on these condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these condensed consolidated financial statements.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. SEGMENT INFORMATION

The Group determines operating segments based on internal reports that are regularly reviewed by the chief operating decision maker (“CODM”) for the purpose of resource allocation and assessment of segment performance between segments and that are used to make strategic decisions.

The CODM has been identified as the directors of the Company. The CODM review the Group’s internal reporting for the purposes of resources allocation and the assessment of segment performance and have determined the operating segments based on these reports.

The CODM consider the business from both a geographic and product perspective. From geographic and product perspective, the CODM assess as the performance of property investment, development and leasing, hotel operations, manufacturing and distribution of plastic packaging materials and broking and securities margin financing.

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

Property investment, development and leasing/hotel operation	Investing, developing and leasing properties in Hong Kong and People’s Republic of China (the “PRC”) and provision of hotel services in Hong Kong
Manufacturing and distribution of plastic packaging materials	Manufacturing and distribution of plastic packaging materials
Broking and securities margin financing	Provision of stock and futures broking and provision of securities margin financing

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4. SEGMENT INFORMATION (Continued)

(I) Segment revenue and results

	Property investment, development and leasing/ hotel operation Six months ended 30 September		Manufacturing and distribution of plastics packaging materials Six months ended 30 September		Broking and securities margin financing Six months ended 30 September		Consolidated Six months ended 30 September	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Revenue	21,227,444	19,196,217	208,409,999	226,918,642	13,618,224	25,291,365	243,255,667	271,406,224
Segment results	7,775,500	6,573,182	13,353,628	8,377,333	7,212,272	5,469,706	28,341,400	20,420,221
Gains arising on change in fair value of investment properties	11,284,445	13,796,128	-	-	-	-	11,284,445	13,796,128
Profit from operations	19,059,945	20,369,310	13,353,628	8,377,333	7,212,272	5,469,706	39,625,845	34,216,349
Cumulative gains arising on change in fair value of disposed available-for-sale financial assets							-	1,091,633
Unallocated finance costs							(3,886,315)	(3,356,352)
Share of results of associates							(564,119)	(4,471)
Profit before tax							35,175,411	31,947,159
Unallocated income tax expense							(3,808,877)	(2,961,022)
Profit for the period							31,366,534	28,986,137

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 cumulative gains arising on change in fair value of disposed available-for-sale financial assets, finance costs, share of results of associates and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

4. SEGMENT INFORMATION (Continued)

(II) Segment assets and liabilities

	Property investment, development and leasing/ hotel operation		Manufacturing and distribution of plastics packaging materials		Broking and securities margin financing		Consolidated	
	30 September 2016 HK\$ (Unaudited)	31 March 2016 HK\$ (Audited)	30 September 2016 HK\$ (Unaudited)	31 March 2016 HK\$ (Audited)	30 September 2016 HK\$ (Unaudited)	31 March 2016 HK\$ (Audited)	30 September 2016 HK\$ (Unaudited)	31 March 2016 HK\$ (Audited)
Assets								
Reportable segment assets	1,105,938,275	1,077,873,528	257,006,248	260,100,542	283,390,630	264,649,030	1,646,335,153	1,602,623,100
Unallocated corporate assets							87,199,281	85,806,788
Total assets							1,733,534,434	1,688,429,888
Liabilities								
Reportable segment liabilities	15,946,285	15,839,424	42,068,434	29,489,736	135,309,098	117,894,330	193,323,817	163,223,490
Unallocated corporate liabilities							353,245,969	358,629,984
Total liabilities							546,569,786	521,853,474

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

- all assets are allocated to reportable segments, other than interests in associates, deferred tax assets and prepaid tax; and
- all liabilities are allocated to reportable segments, other than amounts due to an associate, bank loans, tax payable and deferred tax liabilities.

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4. SEGMENT INFORMATION (Continued)

(III) Other segment information

	Property investment development and leasing/ hotel operation Six months ended 30 September		Manufacturing and distribution of plastic packaging materials Six months ended 30 September		Broking and securities margin finance Six months ended 30 September		Consolidated Six months ended 30 September	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Items included in the measure of segment result or segment assets:								
Additions to non-current assets (Note)	47,634	349,055,241	5,162,176	6,915,982	1,780	2,914,622	5,211,590	358,885,845
Amortisation of leasehold land and land use right	11,542	11,543	237,550	253,237	-	-	249,092	264,780
Depreciation of property, plant and equipment	2,352,084	2,116,800	3,211,433	3,509,410	186,579	159,204	5,750,096	5,785,414
Gain arising on change in fair value of investment properties	11,284,445	13,796,128	-	-	-	-	11,284,445	13,796,128
Items regularly provided to the CODM but not included in the measure of segment results or segment assets:								
Cumulative gains arising on change in fair value of disposed available- for-sale financial assets							-	1,091,633
Interest in associates							81,907,281	81,592,537
Finance costs							3,886,315	3,356,352
Income tax expense							3,808,877	2,961,022
Share results of associates							(564,119)	(4,471)

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

4. SEGMENT INFORMATION (Continued)

(IV) Geographical segment

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

	Revenue from external customers Six months ended 30 September	
	2016	2015
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Hong Kong	90,144,690	122,849,980
North America	17,279,703	18,439,221
Oceania	16,325,387	13,047,549
Europe	23,815,168	21,594,788
PRC	71,178,164	64,748,173
Other Asian countries	24,512,555	30,726,513
	243,255,667	271,406,224

	Non-current assets (Note)	
	30 September	31 March
	2016	2016
	HK\$	HK\$
	(Unaudited)	(Audited)
Hong Kong	1,105,135,078	1,098,020,387
PRC	98,471,300	98,924,698
	1,203,606,378	1,196,945,085

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

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4. SEGMENT INFORMATION *(Continued)*

(V) Information about major customers

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

	Six months ended 30 September	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Manufacturing and distribution of plastic packaging materials		
Customer A	N/A	26,291,149
Customer B	26,464,742	43,391,366

Revenue from Customer A did not contribute over 10% of revenue of the Group during the six months ended 30 September 2016.

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

5. REVENUE

	Six months ended 30 September	
	2016	2015
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Sale of goods	208,409,999	226,918,641
Rental income and rental related income	11,857,669	9,559,673
Brokerage fee	5,482,704	15,331,631
Interest income received from clients	7,625,898	9,337,722
Hotel operation income	9,369,775	9,636,545
Dividend income		
– Listed equity securities	509,622	601,409
– Unlisted equity securities	–	20,603
	243,255,667	271,406,224

6. OTHER REVENUE AND OTHER INCOME

	Six months ended 30 September	
	2016	2015
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Interest income	594,227	1,514,148
Other income	2,126,890	2,670,912
Reversal of provision for obligation	2,800,000	–
Reversal of impairment loss recognised in respect of trade receivables	30,000	55,000
	5,551,117	4,240,060

7. PROFIT FROM OPERATIONS

	Six months ended 30 September	
	2016	2015
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Profit from operations has been arrived at after charging (crediting):		
Cost of inventories sold	157,559,077	182,410,889
Exchange gains	(210,373)	(298,225)
Staff costs (including directors' remuneration)		
Salaries, wages and allowances	27,293,270	26,953,514
Staff benefits	745,599	1,642,790
Defined contribution plans	477,573	459,525
	28,516,442	29,055,829
Operating lease rental in respect of office premises	657,648	2,174,535
Amortisation of leasehold land and land use right	249,092	264,780
Depreciation of property, plant and equipment	5,750,096	5,785,414

8. FINANCE COSTS

	Six months ended 30 September	
	2016	2015
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Interest on:		
Bank loans and overdrafts	3,712,625	2,917,854
Amounts due to related companies	-	19,678
Other borrowings	3,875	5,157
Bank charges	169,815	413,663
	3,886,315	3,356,352

9. INCOME TAX EXPENSE

	Six months ended 30 September	
	2016	2015
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Current tax:		
Provision for the period	3,404,519	2,988,599
Deferred tax charge (credit)	404,358	(27,577)
	3,808,877	2,961,022

Hong Kong profits tax is calculated at 16.5% (six months ended 30 September 2015: 16.5%) on the estimated assessable profit for the period.

Under the Law of the People Republic of China 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 2015: 25%).

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

10. DIVIDENDS

The Board has resolved to pay an interim dividend of HK1.5 cents per ordinary share for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

Final dividend relating to the year ended 31 March 2016 amounting to HK\$6,522,566 was paid in September 2016.

Southeast Asia Properties & Finance Limited

11. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company HK\$30,118,983 (six months ended 30 September 2015: HK\$28,657,804) and on the weighted average 217,418,850 (six months ended 30 September 2015: 217,418,850) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share presented for the six months ended 30 September 2015 and 2016 as the Group had no potentially diluted ordinary shares in issue during those periods.

12. INVESTMENT PROPERTIES

	HK\$
Fair Value	
At 1 April 2015	620,717,335
Addition	5,283,922
Acquisition through acquisition of a subsidiary	344,180,640
Transferred from property, plant and equipment	11,022,542
Increase in carrying amount of the investment property transferred from property, plant and equipment	2,200,458
Transferred to property, plant and equipment	(56,620,000)
Gain arising on change in fair value	<u>5,370,771</u>
At 31 March 2016 and at 1 April 2016 (Audited)	932,155,668
Gain arising on change in fair value	<u>11,284,445</u>
At 30 September 2016 (Unaudited)	<u><u>943,440,113</u></u>

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

At 30 September 2016, the Group's investment properties with carrying amounts of HK\$474,750,000 (31 March 2016: HK\$478,650,000) have been pledged to secure general banking facilities granted to the Group (note 20 to the condensed consolidated financial statements).

12. INVESTMENT PROPERTIES *(Continued)*

The carrying amount of investment properties shown above comprises:

	30 September 2016 HK\$ (Unaudited)	31 March 2016 HK\$ (Audited)
Inside Hong Kong, held under medium term lease	812,100,000	816,000,000
Inside Hong Kong, held under long term lease	125,000,000	110,650,000
Outside Hong Kong, held under medium term lease	6,340,113	5,505,668
	943,440,113	932,155,668
	943,440,113	932,155,668

Fair value measurement of investment properties

(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.

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12. INVESTMENT PROPERTIES (Continued)

Fair value measurement of investment properties (Continued)

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

	Level 1	Level 2	Level 3	Total
At 30 September 2016				
Fair value on a recurring basis				
Investment properties:				
– Located in Hong Kong	–	28,750,000	908,350,000	937,100,000
– Located outside Hong Kong	–	4,631,200	1,708,913	6,340,113
At 31 March 2016				
Fair value on a recurring basis				
Investment properties:				
– Located in Hong Kong	–	28,650,000	898,000,000	926,650,000
– Located outside Hong Kong	–	4,082,720	1,422,948	5,505,668

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

The fair value of the Group's investment properties at 30 September 2016 and 31 March 2016 has been arrived at on the basis of a valuation carried out on the respective dates by an independent surveyor, Messrs K.T. Liu Surveyors Limited, who is a member of the Hong Kong Institute of Surveyors and are not connected to the Group.

At the end of each reporting period, the management of the Group will (i) verify all major inputs to the independent valuation report; (ii) assess property valuations movements when compared to the prior year valuation report; and (iii) holds discussion with the independent surveyors.

There were no changes to the valuation techniques during the period.

In estimating their fair value of the investment properties, the highest and best use of the investment properties is their current 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.

12. INVESTMENT PROPERTIES (Continued)

Fair value measurement of investment properties (Continued)

(iii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable input	Range
Investment properties located outside Hong Kong	Investment method	Reversionary yield	30 September 2016: 12% 31 March 2016: 12%
Investment properties located in Hong Kong	Investment method	Reversionary yield	30 September 2016: 2.6% to 2.8% 31 March 2016: 2.4% to 2.8%
	Market comparison approach	(Discount) premium on characteristic of the properties	30 September 2016: (4.5%) to 52% 31 March 2016: 15% to 73%

The market comparison approach by reference to historical sales price of comparable properties on a price per square foot basis. The valuations take into account the characteristic of the investment properties which included the location, size, shape, view, floor level, year of completion and other factors collectively. The fair value measurements are positively correlated to the discount on characteristic of the property.

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.

The Group believes that any possible changes in input values would not cause significant change in fair value of investment properties.

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:

Investment properties located in Hong Kong:

At 1 April 2016	898,000,000
Gain arising on change in fair value	10,350,000
At 30 September 2016	908,350,000
At 1 April 2015	546,030,000
Addition	5,283,922
Acquisition of asset through acquisition of a subsidiary	344,180,640
Gain arising on change in fair value	2,505,438
At 31 March 2016	898,000,000

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12. INVESTMENT PROPERTIES (Continued)

Fair value measurement of investment properties (Continued)

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

Investment properties located outside Hong Kong:

At 1 April 2016	1,422,948
Gain arising on change in fair value	285,965
	<hr/>
At 30 September 2016	1,708,913
	<hr/> <hr/>
At 1 April 2016	1,927,226
Loss arising on change in fair value	(504,278)
	<hr/>
At 31 March 2016	1,422,948
	<hr/> <hr/>

13. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of HK\$5,211,590 (six months ended 30 September 2015: HK\$5,756,595).

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 September 2016 HK\$ (Unaudited)	31 March 2016 HK\$ (Audited)
Unlisted investments:		
– Equity securities in Hong Kong	946,000	946,000
– Equity securities outside Hong Kong	335,100	335,100
	<hr/>	<hr/>
	1,281,100	1,281,100
Listed investments:		
– Equity securities listed in Hong Kong	18,267,824	15,995,156
	<hr/>	<hr/>
	19,548,924	17,276,256
	<hr/> <hr/>	<hr/> <hr/>

14. 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.

At 30 September 2016, the Group's available-for-sale financial assets with carrying amounts of HK\$15,517,555 (31 March 2016: HK\$15,116,427) have been pledged to secure general banking facilities granted to the Group (note 20 to the condensed consolidated financial statements).

15. TRADE AND OTHER RECEIVABLES

The Group's trade receivables arose from (i) property investment, development and leasing/hotel operation, (ii) manufacturing and distribution of plastic packaging materials, and (iii) broking and securities margin financing.

	30 September 2016 HK\$ (Unaudited)	31 March 2016 HK\$ (Audited)
Trade receivables from:		
– Clearing house and cash clients	46,332,875	28,562,736
– Secured margin clients	82,733,592	79,726,183
– Other customers	48,176,124	39,687,088
	177,242,591	147,976,007
Less: Allowance for doubtful debts	(9,410,948)	(9,410,948)
	167,831,643	138,565,059
Other receivables	16,094,160	19,454,294
	183,925,803	158,019,353

Trade receivables from other customers comprised sales of goods and rental income and rental related 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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15. 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 following is an aging analysis of trade receivables of the Group arose from clearing house and cash clients and other customers, presented based on the invoice date, which approximates the respective revenue recognition dates and net of allowance for doubtful debts:

	30 September 2016 HK\$ (Unaudited)	31 March 2016 HK\$ (Audited)
0 – 30 days	74,775,502	37,343,942
31 – 60 days	4,792,134	4,458,331
Over 60 days	5,530,415	17,036,603
	85,098,051	58,838,876

Included in trade receivables, there were loans to margin clients (net of allowance on bad and doubtful debts) of HK\$82,733,592 (31 March 2016: HK\$79,726,183). Margin loans due from margin clients are repayable on demand. Margin loans are required to be secured by clients' listed securities held by the Group as collateral and bears interest at 8.25% for the six months ended 30 September 2016 (31 March 2016: 8.25%). 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 2016, the total market value of securities pledged as collateral by the customers in respect of the loans to customers was HK\$164,521,427 (31 March 2016: HK\$169,171,622). 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.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2016 HK\$ (Unaudited)	31 March 2016 HK\$ (Audited)
Listed securities:		
– Equity securities listed in Hong Kong, at fair value	5,062,100	5,485,293

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.

At 30 September 2016, the Group's financial assets at fair value through profit or loss with carrying amount of HK\$5,062,100 (31 March 2016: HK\$4,902,475) have been pledged to secure general banking facilities granted to the Group (note 20 to the condensed consolidated financial statements).

17. TRADE AND OTHER PAYABLES

The Group's trade payables arose from (i) property investment, development and leasing/hotel operation, (ii) manufacturing and distribution of plastic packaging materials, and (iii) broking and securities margin financing.

	30 September 2016 HK\$ (Unaudited)	31 March 2016 HK\$ (Audited)
Trade payables to:		
– Clearing house and cash clients	90,434,096	93,272,104
– Secured margin clients	39,692,782	19,462,165
– Others	22,618,466	11,355,168
	152,745,344	124,089,437
Other payables	37,618,473	36,174,053
	190,363,817	160,263,490

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17. TRADE AND OTHER PAYABLES (Continued)

The aging analysis of the trade payables at the end of the reporting period as follows:

	30 September 2016 HK\$ (Unaudited)	31 March 2016 HK\$ (Audited)
0 – 30 days	151,865,186	122,971,703
31 – 60 days	342,211	809,950
Over 60 days	537,947	307,784
	152,745,344	124,089,437

18. BANK LOANS

	30 September 2016 HK\$ (Unaudited)	31 March 2016 HK\$ (Audited)
Secured bank loans	331,105,084	339,531,209
Unsecured bank loans	10,000,000	10,000,000
	341,105,084	349,531,209
Carrying amounts repayable:		
Within one year	108,406,283	106,143,788
More than one year, but not exceeding two years	21,504,924	21,461,296
More than two years, but not exceeding five years	168,892,598	176,166,739
Over five years	42,301,279	45,759,386
	341,105,084	349,531,209
Less: Amounts due within one year shown under current liabilities	(108,406,283)	(106,143,788)
Amounts shown under non-current liabilities	232,698,801	243,387,421

18. BANK LOANS *(Continued)*

The secured bank loans were secured by the Group's assets as described in note 20 to the condensed consolidated financial statements and bear interest at rates ranging from 1.57% to 2.92% (31 March 2016: 1.57% to 2.88%) per annum.

19. SHARE CAPITAL

	30 September 2016	30 September 2016	31 March 2016	31 March 2016
	Number of shares	HK\$	Number of shares	HK\$
	(Unaudited)	(Unaudited)	(audited)	(audited)
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

The Group had the following assets pledged to banks to secure general banking facilities granted to the Group set out in note 18 to the condensed consolidated financial statements:

	30 September 2016	31 March 2016
	HK\$	HK\$
	(Unaudited)	(Audited)
Investment properties	474,750,000	478,650,000
Buildings	106,479,093	108,384,874
Available-for-sales financial assets	15,517,555	15,116,427
Financial assets at fair value through profit or loss	5,062,100	4,902,475
Restricted cash	4,100,000	4,100,000
	605,908,748	611,153,776

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21. OPERATING LEASE COMMITMENTS

The Group 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:

	30 September 2016 HK\$ (Unaudited)	31 March 2016 HK\$ (Audited)
Within one year	432,375	1,091,434
In the second to fifth year inclusive	12,195	64,004
	444,570	1,155,438

Operating lease payments represent rentals payable by the Group for certain of its premises. Leases are negotiated at terms which range from 1 to 2 years. The Group does not have an option to purchase the leased premises at the expiry of the lease period.

The Group as lessor

Rental income generated the Group during the period was HK\$11,857,669 (six months ended 30 September 2015: HK\$9,559,673). Investment properties held by the Group are for rental purposes and are expected to generate annual rental yields of 1% to 12% (six months ended 30 September 2015: 1% to 10%) on an ongoing basis respectively. All of the properties held have committed tenants for the next 3 years.

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

	30 September 2016 HK\$ (Unaudited)	31 March 2016 HK\$ (Audited)
Within one year	19,631,741	21,084,269
In the second to fifth year inclusive	8,477,502	15,578,462
	28,109,243	36,662,731

22. CAPITAL COMMITMENTS

	30 September 2016 HK\$ (Unaudited)	31 March 2016 HK\$ (Audited)
Authorised and contracted for but not provided for acquisition of property, plant and equipment	880,507	987,044

23. MATERIAL RELATED PARTIES TRANSACTIONS

Save as disclosed in elsewhere in the condensed consolidated financial statements, the Group entered into the following significant transactions with related parties on arm's length basis:

a) Key management personnel

Remuneration for key personnel management, including amount paid to the Company's directors and other members of key management and their close family members during the period were as follows:

	Six months ended 30 September	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Salaries and other benefits	6,070,207	5,062,849
Retirement scheme contribution	126,050	80,350
Total compensation paid to key management personnel	6,196,257	5,143,199

23. MATERIAL RELATED PARTIES TRANSACTIONS *(Continued)*

b) Transactions

The Group had the following transactions with related parties during the period as follows:

	Six months ended 30 September	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Payment to a company in which the chairman of the Group has controlling interest		
– rental expenses	555,648	599,463
– interest expenses	–	19,678
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

For the six months ended 30 September 2016, the Group recorded revenue of HK\$243.3 million, a decrease of HK\$28.1 million, or 10.4% as compared to the corresponding period in the preceding year. The Group's profit attributable to the owners of the Company for the six months ended 30 September 2016 was HK\$30.1 million, an increase of HK\$1.5 million, or 5.1% as compared to the corresponding period in the preceding year. The increase was mainly attributable to the decrease in administrative expenses of HK\$4.6 million offsetting with the decrease in gains arising on change in fair value of investment properties of HK\$2.5 million.

Property Investment, Development and Leasing/Hotel Operation

This segment comprises property investment, development and leasing in Hong Kong and PRC and provision of hotel services in Hong Kong. For the six months ended 30 September 2016, this segment recorded revenue of HK\$21.2 million, an increase of HK\$2.0 million, or 10.6% as compared to the corresponding period in the preceding year. Including the gain arising on change in fair value of investment properties of HK\$11.3 million, the profit from operations was HK\$19.1 million, a decrease of HK\$1.3 million, or 6.4% as compared to the corresponding period in the preceding year.

(i) Property Investment, Development and Leasing

During the six months ended 30 September 2016, all of the Group's investment properties were leased out to generate steady rental income for the Group. The total rental income and rental related income amounted HK\$11.9 million, an increase of HK\$2.3 million, or 24.0% as compare to the corresponding period in the preceding year. The increase was mainly attributed by the rental income and rental related income generated from an investment property acquired in July 2015. Gains arising on change in fair value of investment properties of the Group amounted HK\$11.3 million, a decrease of HK\$2.5 million, or 18.2% as compared to the corresponding period in the preceding year due to the economic downturn in both Hong Kong and China.

(ii) Hotel Operation

For the six months ended 30 September 2016, hotel operation income amounted HK\$9.4 million, a slightly decrease of HK\$0.3 million, or 2.8% as compared to the corresponding period in the preceding year. The shortfall in hotel operation income was attributed to the 3.9% reduction in average room rate due to keen competition. Benefit from the growing short haul travellers from Asian countries like Korea, the occupancy rate increased by 1.1% despite the overnight PRC tourist arrivals continues to decline by 1.7% year on year.

Manufacturing and Distribution of Plastic Packaging Materials

For the six months ended 30 September 2016, this segment recorded revenue of HK\$208.4 million, a decrease of HK\$18.5 million, or 8.2% as compared to corresponding period in the preceding year. However, the profit from operations was HK\$13.4 million, an increase of HK\$5.0 million, or 59.4% as compared to the corresponding period in the preceding year.

The price of resin dropped by US\$200/MT compared with the corresponding period in the preceding year affecting our revenue as resin remains a significant part of our costs; however, we were able to overcome the effect with a growth in sales volume primarily led by PRC and Australia market.

Operating environment remained challenging as the cost of labour continues to surge coupled with stagnant demand and intense market competition. Our manufacturing business was generally robust as we upgraded all production facilities to adhere with food packaging requirements and automated some of our workflows to improve operational efficiency and product quality. In addition, we adopted cleaner production practices and energy saving technologies to minimise our environmental impact and optimise our resources.

Broking and Securities Margin Financing

During the period, Hong Kong stock market was weak and volatile. Hang Seng Index hovered with high/low range of 4,700 points. Daily turnover maintained at a low level between 50 billion to 60 billion.

For the six months ended 30 September 2016, the brokerage fee was HK\$5.5 million, a decrease of HK\$9.8 million, or 64.2% as compared to the corresponding period in the preceding year, and the interest income received from clients was HK\$7.6 million, a decrease of HK\$1.7 million, or 18.3% as compared to the corresponding period in the preceding year. The profit from operations was HK\$7.2 million, an increase of HK\$1.7 million, or 31.9% as compared to the corresponding period in the preceding year. The increase was mainly attributable to the decrease in the rental expenses of HK\$1.5 million due to the integration of some of our branches and commodities sections to our head office, decrease in losses arising on change in fair value of financial assets at fair value through profit or loss by HK\$2.3 million and reversal of provision for obligation of HK\$2.8 million.

In light of the strong US Dollars leads to continuous depreciation in Renmibi and the risk-off investment strategy of European fund upon "Brexit", hot money flow again into the assets of the new developing countries in which Hong Kong was also benefited from it.

According to the statistics provided by Hong Kong Futures Exchange Limited, Stockwell Commodities Limited ranks 34 among the 153 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.

As at 30 September 2016, cash and cash equivalents was HK\$91.1 million (31 March 2016: HK\$81.4 million) and trade and other receivables was HK\$183.9 million (31 March 2016: HK\$158.0 million). Trade and other payables were HK\$190.4 million (31 March 2016: HK\$160.3 million). Increase in trade and other receivables was mainly attributed to the increase in trade receivables from clearing house and cash clients. Increase in trade and other payables was mainly attributed to the increase in trade payables to secured margin clients.

As at 30 September 2016, the Group's bank loans reduced from HK\$349.5 million as at 31 March 2016 to HK\$341.1 million, in which the short-term loans amounted HK\$108.4 million (31 March 2016: HK\$106.1 million) and long-term loans amounted HK\$232.7 million (31 March 2016: HK\$243.4 million). The Group's current period net debt to equity ratio was 21% (31 March 2016: 23%), calculated on the basis of the Group's bank loans 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 the repayment of bank loans during the period.

Capital Structure

As at 30 September 2016, the Group's total equity attributable to owners of the Company amounted to HK\$1,166.5 million (31 March 2016: HK\$1,147.4 million). The Group's consolidated net assets per share as at 30 September 2016 was HK\$5.46 (31 March 2016: HK\$5.37).

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

The Group had no material acquisitions or disposals of subsidiaries or associated companies during the six months ended 30 September 2016.

Employees and Remuneration Policies

The Group had 469 employees as at 30 September 2016 (31 March 2016: 483). The remuneration policies are determined with reference to the market conditions and individual performance of staff.

STRATEGIES AND PROSPECTS

Looking ahead, as the volatility of global economic environment, our 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, Development and Leasing

In Hong Kong, the factors of low interest rate environment and limitation of land supply will continue to benefit the 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 Operation

The outlook for hotel business remains challenging. The volatility of the global economy, the uncertainty from the "Brexit" vote, the continuous decline in visitors from PRC, the increasing supply of hotel rooms and the volatility of political environment in Hong Kong continue to have a negative impact on hotel performance. To meet the challenging situation, the hotel will stay focus on competitive room rate, diverse base on customers and market segment to drive occupancy, strengthen hotel website booking channel to improve profit margin, control operating costs and continue to improve the physical conditions of our hotel to deliver better overall guest experience.

Manufacturing and Distribution of Plastic Packaging Materials

The global economy in 2016/17 will remain unpredictable given that England voted strongly for Brexit on 23 June 2016 which has sent the value of the pound near a 30-year low and could possibly lead to further breakup of the EU as England invoke Article 50 of the Lisbon Treaty to negotiate its withdrawal. Furthermore, the devaluation of the Renminbi coupled with the United States presidential election in November will have a significant impact on the rest of the world. It is expected that the operating environment will be full of challenges as leaders around the world attempt to revive their own economy with all possible economic and political measures.

Faced with the challenges ahead, we will focus in developing high value added products and explore new business opportunities. In addition, we will continue to strive for better quality of our products and services and to modernise our manufacturing facilities, automate our workflow to improve operational efficiency and adopt innovative technologies to strengthen our productivity and competitiveness.

Broking and Securities Margin Financing

Our business performance is highly influenced by the external factors, such as the presidential election in States and the schedule of increase in interest rate by the US Federal Reserve etc. The “Shanghai-Hong Kong Stock Connect” plays its role more actively recently while the “Shenzhen-Hong Kong Connect” will be launched by December this year with the hope to promote the turnover of bilateral stock markets in long run.

We are going to upgrade our trading platform in order to enhance the capacity in speed and also provide an informative interface of the platform to our clients in the four-quarter of this financial year.

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of HK1.5 cents per ordinary share for the six months ended 30 September 2016 to the shareholders whose names appear on the register of members of the Company on 9 December 2016. The dividend is expected to be paid on or around 11 January 2017.

CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND

The register of members of the Company will be closed from Thursday, 8 December 2016 to Friday, 9 December 2016, both dates inclusive, during which period no share transfers can be registered. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company’s Share Registrar, General Secretarial Services Limited at 26th Floor, KP Tower, 93 King’s Road, North Point, Hong Kong, Hong Kong, not later than 4:30 p.m. on Wednesday, 7 December 2016.

CHANGE IN DIRECTORS' INFORMATION

Mr. Chua Nai King retired as director of the Company on 26 August 2016.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the period, 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 period, certain non-executive directors and an independent non-executive director were unable to attend the annual general meeting of the Company held on 26 August 2016 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. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code during the period, except that for Mr. Rene Siy Yap, a non-executive director, the Company was informed that: on 18 April 2016, during the period of 60 days immediately preceding 3 June 2016, the publication date of the annual results of the Company for the year ended 31 March 2016, 132,000 shares of the Company was transferred from Mr. Rene Siy Yap's sister to him without first notifying in writing the chairman and receiving a dated written acknowledgement in accordance with paragraph 8 of the Model Code.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30 September 2016, the 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
	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	-	88,411,045 (Note 1)	-	41.77
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	9,698,429	2,200	-	-	4.46
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

Southeast Asia Properties & Finance Limited

		Number of shares held				% of the Issued Share Capital
		Personal Interests	Family Interests	Corporate Interests	Other Interests	
(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 1)	–	31.00
	Mr. Jimmy Siy Tiong	1,600	–	–	–	2.00
	Mr. Rene Siy Chua	6,400	–	–	–	8.00

Note 1: The shares regarding 'Corporate interests' in which Messrs. Chua Nai Tuen was taken to be interested as stated above was the interests of corporations in general meetings of which he was 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.

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 2016 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 2016 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
J & N International Limited ("J & N")	53,136,808	24.44
Sonliet Investment Company Limited ("Sonliet Investment")	35,274,237	16.22
Julius Baer Trust Company (Singapore) Limited	16,200,246	7.45

For the avoidance of doubts and double counting, it should be noted that J & N's and Sonliet Investment's interests are entirely duplicated with Mr. Chua Nai Tuen's interests.

All the interests stated above represented long positions and as at 30 September 2016, there were no short positions recorded in the said register.

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 2016 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 2016

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. 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. Tsai Han Yung, Mr. Samuel Siy Yap 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.