



Interim
Report
2017-18



SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Stock code : 252

CORPORATE INFORMATION

Board Of Directors

Executive Directors

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

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 2017, together with comparative figures of the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2017

		Six months ended 30 September	
	Notes	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)
Revenue	5	268,102,729	243,255,667
Cost of sales		<u>(222,430,954)</u>	<u>(189,448,391)</u>
Gross profit		45,671,775	53,807,276
Other revenue and other income	6	3,298,211	5,551,117
Gain arising on change in fair value of investment properties		22,765,562	11,284,445
Gain (loss) arising on change in fair value of financial assets at fair value through profit or loss		3,825,340	(319,575)
Selling and distribution expenses		(4,947,437)	(4,975,944)
Administrative expenses		(25,608,765)	(25,929,217)
Other operating (expenses) income		<u>(2,126,262)</u>	<u>207,743</u>

CONDENSED CONSOLIDATED INCOME STATEMENT
(Continued)
For the six months ended 30 September 2017

		Six months ended 30 September	
		2017	2016
Notes		HK\$	HK\$
		(Unaudited)	(Unaudited)
Profit from operations	7	42,878,424	39,625,845
Cumulative gain reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets		2,229,867	–
Finance costs	8	(3,461,341)	(3,886,315)
Share of results of associates		2,186,150	(564,119)
Profit before tax		43,833,100	35,175,411
Income tax expense	9	(3,779,849)	(3,808,877)
Profit for the period		40,053,251	31,366,534
Profit for the period attributable to:			
Owners of the Company		39,507,858	30,118,983
Non-controlling interests		545,393	1,247,551
		40,053,251	31,366,534
Earnings per share			
Basic and diluted (HK cents)	11	18.17	13.85

Details of dividends are set out in note 10.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017	2016
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Profit for the period	40,053,251	31,366,534
Other comprehensive income (loss):		
Items that may be reclassified subsequently to profit or loss:		
Gain arising on fair value change of available-for-sale financial assets	3,201,927	2,081,998
Exchange differences on translation of foreign operations	5,953,831	(6,537,732)
Share of exchange reserve of associates	(2,084,581)	–
Reclassification adjustments relating to available-for-sale financial assets disposed of	(2,229,867)	–
Other comprehensive income (loss) for the period	4,841,310	(4,455,734)
Total comprehensive income for the period	44,894,561	26,910,800
Total comprehensive income for the period attributable to:		
Owners of the Company	44,072,671	25,648,302
Non-controlling interests	821,890	1,262,498
	44,894,561	26,910,800

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Notes	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Non-current assets			
Investment properties	12	894,320,360	871,554,798
Property, plant and equipment	13	183,703,510	183,578,321
Leasehold land and land use right		14,745,169	14,509,334
Interests in associates		81,546,444	80,612,015
Available-for-sale financial assets	14	15,369,709	21,771,316
Intangible assets		3,702,706	3,702,706
Deferred tax assets		1,167,579	942,118
Other assets		2,926,905	3,017,873
		1,197,482,382	1,179,688,481
Current assets			
Inventories		56,231,638	64,947,335
Stock of property	15	119,189,100	114,870,000
Trade and other receivables	16	136,996,040	170,339,688
Financial assets at fair value through profit or loss	17	10,996,400	7,169,750
Loan receivables		–	19,000,000
Deposits and prepayments		15,628,197	9,888,985
Prepaid tax		938,342	1,036,544
Restricted cash		4,100,000	4,100,000
Trust accounts of shares dealing clients		99,173,942	106,320,931
Cash and cash equivalents		82,641,973	81,832,677
		525,895,632	579,505,910
Current liabilities			
Amount due to an associate		881,948	997,760
Amount due to a related company		–	11,164,633
Trade and other payables	18	167,103,755	168,119,374
Bank loans	19	22,813,630	95,419,484
Tax payable		5,373,899	3,789,832
		196,173,232	279,491,083
Net current assets		329,722,400	300,014,827
Total assets less current liabilities		1,527,204,782	1,479,703,308

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 September 2017

		30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
	Notes		
Non-current liabilities			
Bank loans	19	223,794,426	222,029,209
Amounts due to non-controlling interests		2,960,000	2,960,000
Deferred tax liabilities		9,476,091	8,634,395
		<u>236,230,517</u>	<u>233,623,604</u>
Net assets		<u>1,290,974,265</u>	<u>1,246,079,704</u>
Capital and reserves			
Share capital	20	217,418,850	217,418,850
Reserves		<u>1,052,223,779</u>	<u>1,008,151,108</u>
Equity attributable to owners of the Company		1,269,642,629	1,225,569,958
Non-controlling interests		<u>21,331,636</u>	<u>20,509,746</u>
Total equity		<u>1,290,974,265</u>	<u>1,246,079,704</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	ATTRIBUTABLE TO OWNERS OF THE COMPANY							TOTAL EQUITY HK\$
	SHARE CAPITAL HK\$	PROPERTY REVALUATION RESERVE	EXCHANGE RESERVE	AVAILABLE-FOR-SALE SECURITIES REVALUATION RESERVE	RETAINED EARNINGS	SUBTOTAL	NON-CONTROLLING INTERESTS	
		HK\$	HK\$	HK\$	HK\$		HK\$	
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
At 1 April 2017	217,418,850	4,278,755	31,632,703	4,455,890	967,783,760	1,225,569,958	20,509,746	1,246,079,704
Profit for the period	-	-	-	-	39,507,858	39,507,858	545,393	40,053,251
Other comprehensive income for the period	-	-	3,592,753	972,060	-	4,564,813	276,497	4,841,310
Total comprehensive income for the period	-	-	3,592,753	972,060	39,507,858	44,072,671	821,890	44,894,561
At 30 September 2017	217,418,850	4,278,755	35,225,456	5,427,950	1,007,291,618	1,269,642,629	21,331,636	1,290,974,265

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017	2016
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	59,389,350	36,949,222
Net cash generated from (used in) investing activities	25,286,980	(4,975,866)
Net cash used in financing activities	(85,534,418)	(18,991,625)
Net (decrease) increase in cash and cash equivalents	(858,088)	12,981,731
Cash and cash equivalents at the beginning of the period	81,832,677	81,359,380
Effect of foreign exchange rate changes	1,667,384	(3,283,022)
Cash and cash equivalents at the end of the period	82,641,973	91,058,089
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	82,641,973	91,058,089

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

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 "Stock Exchange"). 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 operations, manufacturing and distribution of plastic packaging materials and broking and securities margin financing.

The condensed consolidated financial statements are presented in Hong Kong dollar ("HK\$"), which is also 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* 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 2017 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 2017 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 2017.

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 2017.

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements 2014-2016 Cycle	Disclosure of Interests in Other Entities

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 operations	Investing, developing and leasing properties in Hong Kong and the 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

The following is an analysis of the Group's revenue and results by reportable segment.

	Property investment, development and leasing/ hotel operations 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	
	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)
Revenue	20,968,392	21,227,444	231,622,891	208,409,999	15,511,446	13,618,224	268,102,729	243,255,667
Segment results	5,788,604	7,775,500	5,120,640	13,353,628	9,203,618	7,212,272	20,112,862	28,341,400
Gains arising on change in fair value of investment properties	22,765,562	11,284,445	-	-	-	-	22,765,562	11,284,445
Profit from operations	28,554,166	19,059,945	5,120,640	13,353,628	9,203,618	7,212,272	42,878,424	39,625,845
Cumulative gain reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets							2,229,867	-
Unallocated finance costs							(3,461,341)	(3,886,315)
Share of results of associates							2,186,150	(564,119)
Profit before tax							43,833,100	35,175,411
Unallocated income tax expense							(3,779,849)	(3,808,877)
Profit for the period							40,053,251	31,366,534

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 gain reclassified from equity to profit or loss upon derecognition of 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 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Assets								
Reportable segment assets	1,148,469,209	1,138,045,532	231,904,879	263,925,455	259,351,561	274,632,727	1,639,725,649	1,676,603,714
Unallocated corporate assets							83,652,365	82,590,677
Total assets							1,723,378,014	1,759,194,391
Liabilities								
Reportable segment liabilities	15,828,619	26,877,877	39,241,445	38,615,988	115,875,639	117,747,902	170,945,703	183,241,767
Unallocated corporate liabilities							261,458,046	329,872,920
Total liabilities							432,403,749	513,114,687

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 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		Manufacturing and distribution of plastic packaging materials		Broking and securities margin finance		Consolidated	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)
Amounts included in the measure of segment results or segment assets:								
Additions to non-current assets (Note)	332,170	47,634	3,624,163	5,162,176	-	1,780	3,956,333	5,211,590
Amortisation of leasehold land and land use right	11,543	11,542	230,137	237,550	-	-	241,680	249,092
Depreciation of property, plant and equipment	3,010,840	2,352,084	3,102,543	3,211,433	188,295	186,579	6,301,678	5,750,096
Gain arising on change in fair value of investment properties	22,765,562	11,284,445	-	-	-	-	22,765,562	11,284,445
(Gain) loss on disposal of property, plant and equipment	1,202	-	(18,881)	-	-	-	(17,679)	-
Amount regularly provided to the CODM but not included in the measure of segment results or segment assets:								
Cumulative gains reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets	-	-	-	-	-	-	2,229,867	-
Interests in associates	-	-	-	-	-	-	81,546,444	81,907,281
Finance costs	-	-	-	-	-	-	3,461,341	3,886,315
Income tax expense	-	-	-	-	-	-	3,779,849	3,808,877
Share of results of associates	-	-	-	-	-	-	2,186,150	(564,119)

Note: Additions to non-current assets consist of additions to investment properties, 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	
	2017	2016
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Hong Kong	67,744,491	90,144,690
North America	10,393,085	17,279,703
Oceania	20,892,315	16,325,387
Europe	19,629,200	23,815,168
PRC	122,352,741	71,178,164
Other Asian countries	27,090,897	24,512,555
	268,102,729	243,255,667

	Non-current assets (Note)	
	30 September 2017	31 March 2017
	HK\$	HK\$
	(Unaudited)	(Audited)
Hong Kong	1,048,029,874	1,030,993,356
PRC	99,873,306	93,772,636
	1,147,903,180	1,124,765,992

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	
	2017	2016
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Manufacturing and distribution of plastic packaging materials		
Customer A	N/A	26,464,742
Customer B	39,078,147	N/A

Revenue derived from Customer B did not contribute over 10% of the Group's revenue during the six months ended 30 September 2016. Revenue derived from Customer A did not contribute over 10% of the Group's revenue during the six months ended 30 September 2017.

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	
	2017	2016
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Sale of goods	231,622,891	208,409,999
Rental income and rental related income	10,528,781	11,857,669
Brokerage commission	8,203,677	5,482,704
Interest income received from clients	6,756,309	7,625,898
Hotel operation income	10,439,611	9,369,775
Dividend income from listed equity securities	551,460	509,622
	<u>268,102,729</u>	<u>243,255,667</u>

6. OTHER REVENUE AND OTHER INCOME

	Six months ended 30 September	
	2017	2016
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Interest income	487,278	594,227
Other income	2,793,254	4,956,890
Gain on disposal of property, plant and equipment	17,679	–
	<u>3,298,211</u>	<u>5,551,117</u>

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7. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging (crediting):

	Six months ended 30 September	
	2017	2016
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Cost of inventories sold	190,719,455	157,559,077
Exchange loss (gain), net	2,094,238	(210,373)
Staff costs (including directors' remuneration)		
– Salaries, wages and allowances	25,733,742	27,293,270
– Staff benefits	447,645	745,599
– Retirement benefit schemes contributions	423,128	477,573
	26,604,515	28,516,442
Operating lease rental in respect of office premises	713,214	657,648
Amortisation of leasehold land and land use right	241,680	249,092
Depreciation of property, plant and equipment	6,301,678	5,750,096

8. FINANCE COSTS

	Six months ended 30 September	
	2017	2016
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Interest expenses on:		
Bank loans and overdraft	3,142,508	3,712,625
Amounts due to a related company	18,248	–
Other borrowings	4,075	3,875
Bank charges	296,510	169,815
	3,461,341	3,886,315

9. INCOME TAX EXPENSE

The income tax expense is as follow:

	Six months ended 30 September	
	2017	2016
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Current tax:		
Provision for the period	3,163,614	3,404,519
Deferred tax charge	616,235	404,358
	3,779,849	3,808,877

Hong Kong profits tax is calculated at 16.5% (six months ended 30 September 2016: 16.5%) on the estimated assessable profit for the period.

Under the Law of the PRC on enterprise income tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (six months ended 30 September 2016: 25%).

No provision for PRC enterprise income tax for six months period ended 30 September 2016 has been made as taxable profits were 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 2017 (six months ended 30 September 2016: HK1.5 cents).

Final and special dividends with scrip dividend alternative relating to the year ended 31 March 2017 amounting to HK\$31,525,733 were paid in November 2017.

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11. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company HK\$39,507,858 (six months ended 30 September 2016: HK\$30,118,983) and on the weighted average 217,418,850 (six months ended 30 September 2016: 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 2016 and 2017 as the Group had no potentially diluted ordinary shares in issue during those periods.

12. INVESTMENT PROPERTIES

	HK\$
At 1 April 2016	932,155,668
Addition	2,640,261
Transfer to stock of property	(114,870,000)
Gain arising on change in fair value	<u>51,628,869</u>
At 31 March 2017 and at 1 April 2017 (Audited)	871,554,798
Gain arising on change in fair value	<u>22,765,562</u>
At 30 September 2017 (Unaudited)	<u><u>894,320,360</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 2017, the Group's investment properties with carrying amounts of HK\$516,090,000 (31 March 2017: HK\$515,150,000) have been pledged to secure general banking facilities granted to the Group (note 21 to the condensed consolidated financial statements).

12. INVESTMENT PROPERTIES (Continued)

The carrying amount of investment properties shown above comprises:

	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Inside Hong Kong, held under medium term lease	871,700,000	852,500,000
Inside Hong Kong, held under long term lease	13,390,000	12,650,000
Outside Hong Kong, held under medium term lease	9,230,360	6,404,798
	894,320,360	871,554,798

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 2017				
Fair value on a recurring basis				
Investment properties:				
– Located in Hong Kong	–	32,090,000	853,000,000	885,090,000
– Located outside Hong Kong	–	5,374,640	3,855,720	9,230,360
		<u> </u>	<u> </u>	<u> </u>
At 31 March 2017				
Fair value on a recurring basis				
Investment properties:				
– Located in Hong Kong	–	31,150,000	834,000,000	865,150,000
– Located outside Hong Kong	–	4,739,280	1,665,518	6,404,798
		<u> </u>	<u> </u>	<u> </u>

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 2017 and 31 March 2017 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 without significant adjustments being made to the market observable data.

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 2017: 12% 31 March 2017: 12%
Investment properties located in Hong Kong	Investment method	Reversionary yield	30 September 2017: 2.5% 31 March 2017: 2.4% to 3.5%
	Market comparison approach	(Discount) premium on characteristic of the properties	30 September 2017: -1.2% to 20.7% 31 March 2017: -11% to 16%

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.

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 investment properties compared to the recent sales. Higher premium for higher quality buildings will result in a higher fair value measurement.

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

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12. INVESTMENT PROPERTIES (Continued)

Fair value measurement of investment properties (Continued)

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

The following table provides a reconciliation of the movement between opening and closing balances of Level 3 investment properties, 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
Addition	2,640,261
Transfer to stock of property	(114,870,000)
Gain arising on change in fair value	<u>48,229,739</u>
At 31 March 2017 and at 1 April 2017	834,000,000
Gain arising on change in fair value	<u>19,000,000</u>

At 30 September 2017

853,000,000

Investment properties located outside Hong Kong:

At 1 April 2016	1,422,948
Gain arising on change in fair value	<u>242,570</u>
At 31 March 2017 and at 1 April 2017	1,665,518
Gain arising on change in fair value	<u>2,190,202</u>

At 30 September 2017

3,855,720

13. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of HK\$3,956,333 (six months ended 30 September 2016: HK\$5,211,590).

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Unlisted investments:		
– Equity securities in Hong Kong	946,000	946,000
– Equity securities outside Hong Kong	335,100	335,100
	1,281,100	1,281,100
Listed investments:		
– Equity securities listed in Hong Kong	14,088,609	20,490,216
	15,369,709	21,771,316

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 reliably.

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

At 30 September 2017, the Group's available-for-sale financial assets with carrying amounts of HK\$2,139,343 (31 March 2017: HK\$1,769,045) have been pledged to secure general banking facilities granted to the Group (note 21 to the condensed consolidated financial statements).

15. STOCK OF PROPERTY

	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Property under development held for sales	119,189,100	114,870,000

The stock of property is located in Hong Kong and held under long-term leases.

Property under development held for sales is expected to be recovered after more than one year.

16. TRADE AND OTHER RECEIVABLES

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

	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Trade receivables from:		
– Clearing house and cash clients	15,519,037	44,169,264
– Secured margin clients	68,732,555	72,902,154
– Other customers	44,837,348	48,749,797
	129,088,940	165,821,215
Less: Allowance for doubtful debts	(9,410,948)	(9,410,948)
	119,677,992	156,410,267
Other receivables	17,318,048	13,929,421
	136,996,040	170,339,688

16. TRADE AND OTHER RECEIVABLES *(Continued)*

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.

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

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

Aging analysis

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 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
0 – 30 days	37,571,057	44,999,534
31 – 60 days	6,947,241	16,144,233
Over 60 days	6,427,139	22,364,346
	50,945,437	83,508,113

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16. TRADE AND OTHER RECEIVABLES (Continued)

Aging analysis (Continued)

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 2017 (31 March 2017: 8.25%). The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. At 30 September 2017, the total market value of securities pledged as collateral by the customers in respect of the loans to margin clients was HK\$180,010,494 (31 March 2017: HK\$167,377,629). At 30 September 2017, the pledged value of securities of margin clients to bank for banking facilities granted to the Group was 21,354,182 (31 March 2017: HK\$16,119,542). No aging analysis of secured margin clients included is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of business of securities margin financing.

At 31 March 2017, amount of HK\$17,305,137 in trade receivables from clearing house and cash clients was secured by debtor's property.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Listed securities classified as held for trading investment:		
– Equity securities listed in Hong Kong, at fair value	10,996,400	7,169,750

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 2017, equity securities listed in Hong Kong with carrying amount of 6,638,175 (31 March 2017: HK\$3,755,750) have been pledged to secure general banking facilities granted to the Group (note 21 to the condensed consolidated financial statements).

18. TRADE AND OTHER PAYABLES

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

	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Trade payables to:		
– Clearing house and cash clients	98,625,991	94,262,615
– Secured margin clients	13,302,353	20,750,237
– Others	25,083,110	23,470,798
	137,011,454	138,483,650
Other payables	30,092,301	29,635,724
	167,103,755	168,119,374

Trade payables to other creditors are comprised of purchases of materials and supplies.

Aging analysis

The following is an aging analysis of the trade payables at the end of the reporting period:

	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
0 – 30 days	136,369,421	138,058,440
31 – 60 days	227,222	26,647
Over 60 days	414,811	398,563
	137,011,454	138,483,650

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19. BANK LOANS

	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Secured bank loans	246,608,056	307,448,693
Unsecured bank loans	–	10,000,000
	<u>246,608,056</u>	<u>317,448,693</u>
Carrying amounts repayable:		
Within one year	22,813,630	95,419,484
More than one year, but not exceeding two years	13,905,163	21,532,000
More than two years, but not exceeding five years	193,262,975	161,571,413
Over five years	16,626,288	38,925,796
	246,608,056	317,448,693
Less: Amounts due within one year shown under current liabilities	<u>(22,813,630)</u>	<u>(95,419,484)</u>
Amounts shown under non-current liabilities	<u>223,794,426</u>	<u>222,029,209</u>

The secured bank loans were secured by the Group's assets as described in note 21 to the condensed consolidated financial statements. Bank loans bear interest rate at rates ranging from 1.73% to 2.08% (31 March 2017: 1.68% to 3.09%) per annum.

20. SHARE CAPITAL

	30 September 2017 Number of shares (Unaudited)	30 September 2017 HK\$ (Unaudited)	31 March 2017 Number of shares (audited)	31 March 2017 HK\$ (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

21. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities of the Group, set out in note 19 to the condensed consolidated financial statements:

	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Investment properties	516,090,000	515,150,000
Property, plant and equipment	100,865,864	103,372,200
Available-for-sales financial assets	2,139,343	1,769,045
Financial assets at fair value through profit or loss	6,638,175	3,755,750
Restricted cash	4,100,000	4,100,000
Fair value of marketable securities of margin clients	41,001,245	30,404,460
	670,834,627	658,551,455

22. 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 which fall due as follows:

	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Within one year	2,123,164	2,225,164
In the second to fifth year inclusive	1,978,921	2,412,289
	4,102,085	4,637,453

Operating lease payments represent rentals payable by the Group for certain of its premises and computer software. Leases are negotiated at terms which range from 1 to 3 years. The Group does not have an option to purchase the leased premises and computer software at the expiry of the lease period.

The Group as lessor

Rental income and rental related income earned during the period was HK\$10,528,781 (six months ended 30 September 2016: HK\$11,857,669). Investment properties held by the Group's are for rental purposes and are expected to generate annual rental yields of 1% to 11% (six months ended 30 September 2016: 1% to 12%) 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 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Within one year	24,921,478	17,563,398
In the second to fifth year inclusive	17,118,551	2,848,576
	42,040,029	20,411,974

23. CAPITAL COMMITMENTS

	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Authorised and contracted for but not provided for:		
– Acquisition of property, plant and equipment	1,044,105	2,507,720
– Development expenditure of properties	22,514,754	27,881,137
	23,558,859	30,388,857

24. MATERIAL RELATED PARTIES TRANSACTIONS

Save as disclosed in elsewhere in the condensed consolidated financial statements, the Group entered into the following transactions with related parties at normal commercial terms:

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	
	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)
Salaries, allowances and other benefits	5,038,205	6,070,207
Retirement benefit schemes contributions	88,692	126,050
Total compensation paid to key management personnel	5,126,897	6,196,257

24. 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	
	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)
Payment to a company in which a director of the Company has controlling interest and constituted as exempted continuing connected transaction under the Listing Rules:		
– Interest expense	18,248	–
– Rental expenses	611,214	555,648
Payment to a company in which a key management personnel has equity interest		
– Consultancy fee paid	184,275	170,100
	184,275	170,100

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

For the six month ended 30 September 2017, the Group recorded revenue of HK\$268.1 million, an increase of HK\$24.8 million, or 10.2% as compared with HK\$243.3 million in the corresponding period in the preceding year, and the Group's profit for the period was HK\$40.1 million, an increase of 8.7 million or 27.7% as compared with HK\$31.4 million in the corresponding period in the preceding year.

The interim results of the Group for the six months ended 30 September 2017 recorded an increase in profit as compared to the corresponding period in the preceding year. It was mainly attributable to the increase of approximately HK\$11.5 million in the gain arising on change in fair value of the Group's investment properties, increase of approximately HK\$6.4 million in gain arising on change in fair value of financial assets at fair value through profit or loss and cumulative gain reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets, offsetting with the decrease in gross profit of HK\$8.1 million due to sharp increases in the cost of paper accessories and packing materials and the appreciation of the Yuan.

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 2017, this segment recorded revenue of HK\$21.0 million, a slightly decrease of HK\$0.2 million, or 0.9% as compared to the corresponding period in the preceding year. Including the gain arising on change in fair value of investment properties of HK\$22.8 million, the profit from operations was HK\$28.6 million, an increase of HK\$9.5 million, or 49.7% as compared to the corresponding period in the preceding year.

(i) Property Investment, Development and Leasing

During the six months ended 30 September 2017, most 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 to HK\$10.5 million, a decrease of HK\$1.4 million, or 11.8% as compare to the corresponding period in the preceding year. The decrease was mainly attributed by the decrease in rental income from Everglory centre as 5 floors were being renovated from office to business centre in current period and decrease in monthly rental income of a shop. Gains arising on change in fair value of investment properties of the Group amounted to HK\$22.8 million, an increase of HK\$11.5 million, or 101.8% as compared to the corresponding period in the preceding year due to persistent hot market sentiment in both Hong Kong and China properties sectors.

(ii) Hotel Operation

For the six months ended 30 September 2017, hotel operation income amounted to HK\$10.4 million, an increase of HK\$1.0 million, or 10.6% as compared to the corresponding period in the preceding year. Our hotel occupancy was 92.4%, which is up by 3.6% from the corresponding period in the preceding year and above industry average of 89%. The average room rate also increased by 7.1% over the corresponding period in the preceding year.

Manufacturing and Distribution of Plastic Packaging Materials

For the six months ended 30 September 2017, this segment recorded revenue of HK\$231.6 million, an increase of HK\$23.2 million, or 11.1% as compared to corresponding period in the preceding year. However, the profit from operations was HK\$5.1 million, a decrease of HK\$8.3 million, or 61.9% as compared to the corresponding period in the preceding year. The decrease in segment profit was mainly due to sharp increases in the cost of paper accessories and packing materials together with the appreciation of the Yuan.

Our operating environment remained challenging as the Chinese government's environmental protection campaign to promote environment-friendly manufacturing conditions has been sweeping the country with primary focus on paper making, packaging and printing enterprises. We have adopted cleaner production practices by using water-based ink and invested in volatile organic compounds (VOCs) treatment device to protect the environment. However, some of our suppliers were severely affected which in turn disrupted our supply chain and production.

Broking and Securities Margin Financing

For the six months ended 30 September 2017, the brokerage commission was HK\$8.2 million, an increase of HK\$2.7 million, or 49.1% as compared to the corresponding period in the preceding year, offsetting with the interest income received from clients of HK\$6.8 million, a decrease of HK\$0.8 million, or 10.5% as compared to the corresponding period in the preceding year. The profit from operations was HK\$9.2 million, an increase of HK\$2.0 million, or 27.8% as compared to the corresponding period in the preceding year. The increase was mainly attributable to the increase of revenue by HK\$1.9 million, as explained above, the increase of HK\$4.1 million in fair value change on trading securities, reduction of administrative expense by HK\$0.9 million, offsetting with the increase of cost of sales, including commission expense and CCASS charges, by HK\$1.8 million and decrease of other income due to reversal of provision for obligation of HK\$2.8 million in the corresponding period in the preceding year.

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 2017, cash and cash equivalents was HK\$82.6 million (31 March 2017: HK\$81.8 million) and trade and other receivables was HK\$137.0 million (31 March 2017: HK\$170.3 million). Trade and other payables were HK\$167.1 million (31 March 2017: HK\$168.1 million). Decrease in trade and other receivables was mainly attributed to the decrease in trade receivables from clearing house and cash clients.

The Group's bank loans reduced by HK\$70.8 million from HK\$317.4 million as at 31 March 2017 to HK\$246.6 million, as at 30 September 2017, in which the short-term loans amounted HK\$22.8 million (31 March 2017: HK\$95.4 million) and long-term loans amounted HK\$223.8 million (31 March 2017: HK\$222.0 million). The Group's current period net debt to equity ratio was 12.9% (31 March 2017: 19.2%), calculated on the basis of the Group's bank loans and overdraft less cash and cash equivalents divided by total equity attributable to owners of the Company. The decrease in the net debt to equity ratio resulted mainly from receiving trade receivables and loan receivables to repay bank loans during the period.

Capital Structure

As at 30 September 2017, the Group's total equity attributable to owners of the Company amounted to HK\$1,269.6 million (31 March 2017: HK\$1,225.6 million). The Group's consolidated net assets per share as at 30 September 2017 was HK\$5.94 (31 March 2017: HK\$5.73).

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 2017.

Employees and Remuneration Policies

The Group had 423 employees as at 30 September 2017 (31 March 2017: 456). The remuneration policies are determined with reference to the market conditions and individual performance of staff.

STRATEGIES AND PROSPECTS

Looking ahead, due to the instability and the volatility of global economic environment, we will cautiously monitor the performance and financial position of the Group and adjust our business strategies in case of need.

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 local property market. Rental income from the Group's investment properties is expected to face mild price pressure.

Hotel Operation

The continued geopolitical tensions, the political and policy uncertainties and the influx of new hotel supply will still pose a negative impact on hotel industry. However, with the global economic growth strengthening and showing moderate expansion, the possible benefit from the Chinese Government's Belt and Road Initiative and the gradual recovery of the overnight tourist arrival, we are optimistic for the outlook for the next six months. The hotel will continue to focus on offering competitive room rate and pursuing aggressive marketing strategies to drive more direct internet bookings through hotel website and last minute business, concentrate on hotel targeted market segments, improve the existing physical condition of the property and maintain the quality of our services.

Manufacturing and Distribution of Plastic Packaging Materials

The Chinese government has stepped up its effort in environmental protection since the Paris agreement on climate change took effect in November 2016. China has launched strict inspections of its manufacturing facilities that were leading to either shutdowns or reduced production at factories across the country.

Furthering its "green" campaign, China has formally informed the World Trade Organisation (WTO) in July of its plan to ban the import of 24 types of solid waste including plastics and scrap paper by the end of 2017 in an effort to tackle pollution problems. To make up for the loss of recycled plastics, demand for virgin plastics in China is expected to grow, which may lead to further speculation on prices as the impact of the ban begins next year. Our recycling center in Hong Kong will play an important role in collecting waste plastics, turning waste plastics into plastic pellets and complementing our operations in producing end-products for the global need of green lifestyles.

Broking and Securities Margin Financing

Although market atmosphere is optimistic, investors begin to worry about the contraction of QE program, which is unprecedented in history, and the increase in interest rate by the US Federal Reserve.

The fund from China continue to participate in the Hong Kong market, as the market condition is still attractive, PE ratio is still at low level and dividend return from stock is high even though the stock price has gone up to some extent.

Despite facing fierce competition ahead in the industry, we will strive to explore new business opportunities.

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 2017 to the shareholders whose names appear on the register of members of the Company on 14 December 2017. The dividend is expected to be paid on or around 16 January 2018.

CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND

The register of members of the Company will be closed from Wednesday, 13 December 2017 to Thursday, 14 December 2017, 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 Tuesday, 12 December 2017.

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.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 25 August 2017 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 2017, 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 (Note 2)	2,362,158	-	88,487,045 (Note 1)	-	41.79
Mr. Nelson Junior Chua (Note 3)	6,674,285	-	-	-	3.07
Mr. Gilson Chua (Note 4)	6,739,031	-	-	-	3.10
Mr. Jimmy Siy Tiong (Note 5)	7,029,875	-	-	-	3.23
Mr. Rene Siy Chua (Note 6)	9,698,429	2,200	-	-	4.46
Mr. Samuel Siy Yap	1,410,678	-	-	-	0.65
Mr. Tsai Han Yung (Note 7)	4,976,029	-	-	-	2.29
Ms. Vivian Chua (Note 8)	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 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.

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Note 2: Mr. Chua Nai Tuen, will receive 3,808,797 new shares at 3 November 2017, representing personal interest of 97,842 new shares and Corporate interests of 3,710,955 new shares, pursuant to the scheme under which eligible shareholders may elect to receive the Final Dividend and the Special Dividend wholly or partly by the allotment of new fully paid shares of the Company (the "Scrip Dividend Scheme"). A total of 8,001,184 new shares will be issued on 3 November 2017 at an issue price of HK\$3.455 per new share, to eligible shareholders.

Note 3: Mr. Nelson Junior Chua will receive 280,106 new shares for personal interest, at 3 November 2017, pursuant to Scrip Dividend Scheme.

Note 4: Mr. Gilson Chua will receive 282,824 new shares for personal interest, at 3 November 2017, pursuant to Scrip Dividend Scheme.

Note 5: Mr. Jimmy Siy Tiong will receive 295,030 new shares for personal interest, at 3 November 2017, pursuant to Scrip Dividend Scheme.

Note 6: Mr. Rene Siy Chua will receive 401,485 new shares for personal interest, at 3 November 2017, pursuant to Scrip Dividend Scheme.

Note 7: Mr. Tsai Han Yung will receive 207,971 new shares for personal interest, at 3 November 2017, pursuant to Scrip Dividend Scheme.

Note 8: Mr. Vivian Chua will receive 40,000 new shares for personal interest, at 3 November 2017, pursuant to Scrip Dividend Scheme.

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 2017 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

The Company has been notified of the following interests in the Company's issued shares at 30 September 2017, amounting to 5% or more of the shares in issue:

	No. of Ordinary Shares held	% of the Issued Share Capital
Mr. Chua Nai Tuen (<i>Note 1</i>)	90,849,203	41.79
J & N International Limited ("J & N") (<i>Note 1</i>)	53,136,808	24.44
Sonliet Investment Company Limited ("Sonliet Investment") (<i>Note 1</i>)	35,350,237	16.26
Mr. Chua Nai King (<i>Note 2</i>)	19,907,897	9.16
Julius Baer Trust Company (Singapore) Limited ("Julius Baer") (<i>Note 2</i>)	16,200,246	7.45
Loriking Limited ("Loriking") (<i>Note 2</i>)	16,200,246	7.45

Note 1: 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.

Note 2: For the avoidance of doubts and double counting, it should be noted that Julius Baer's and Loriking's interests are entirely duplicated with Mr. Chua Nai King's interests.

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All the interests stated above represented long positions and as at 30 September 2017, 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 2017 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.

On behalf of the Board

Southeast Asia Properties & Finance Limited

CHUA NAI TUEN

Chairman and Managing Director

Hong Kong, 23 November 2017

As at the date of this report, the Board comprises: (a) Executive Directors: Mr. Chua Nai Tuen, Mr. Nelson Junior Chua, Mr. Gilson Chua; (b) 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; and (c) 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.