SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED
華信地產財務有限公司
(Incorporated in Hong Kong with limited liability)
Stock Code: 252
Website: http://www.seapnf.com.hk

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Southeast Asia Properties & Finance Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2015, together with comparative figures of the previous period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2015

		Six months ended 30 September	
		2015	2014
	Notes	***HK$***	*HK$*
		(Unaudited)	(Unaudited)
Turnover	*4*	**271,406,224**	284,707,624
Cost of sales		**(217,517,634)**	(230,837,062)
Gross profit		**53,888,590**	53,870,562
Other revenue and other income	*5*	**4,240,060**	3,068,840
Gains arising on change in fair value of investment properties		**13,796,128**	35,328,153
(Losses) gains arising on change in fair value of financial assets at fair value through profit or loss		**(2,573,048)**	1,079,639
Gain on disposal of investment property		**–**	107,714,185
Selling and distribution expenses		**(4,904,612)**	(4,531,617)
Administrative expenses		**(30,512,632)**	(30,191,422)
Other operating gains/(losses)		**281,863**	(466,607)
Profit from operations	*6*	**34,216,349**	165,871,733
Items reclassified from consolidated statement of Comprehensive income:			
Cumulative gains arising on change in fair value of disposed available-for-sale financial assets		**1,091,633**	–
Finance costs	*7*	**(3,356,352)**	(3,882,274)
Share of results of associates		**(4,471)**	342,511
Profit before tax		**31,947,159**	162,331,970
Income tax expense	*8*	**(2,961,022)**	(2,169,964)
Profit for the period		**28,986,137**	160,162,006
Profit attributable to:			
Owners of the Company		**28,657,804**	154,801,247
Non-controlling interests		**328,333**	5,360,759
		28,986,137	160,162,006
Earnings per share			
Basic and diluted	*10*	**13.18 cents**	71.20 cents

Details of dividends are set out in note 9.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2015

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2015

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

1. BASIS OF PREPARATION

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

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

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

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

3. SEGMENT INFORMATION

The Directors consider the business from both a geographic and product perspective. From a geographic and product perspective, the Directors assess as the performance of property investments and development/hotel, manufacturing and distribution of plastics packaging materials and stock broking, futures and finance.

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

Property investments and development/hotel	:	Provision of hotel services in Hong Kong and leasing of rental properties in Hong Kong and the PRC
Manufacturing and distribution of plastics packaging materials	:	Production and distribution of plastics bags and plastics packaging materials
Stock broking, futures and finance	:	Securities investment, futures dealing, provision of financial investment services and in trading securities

(I) Segment revenues and results

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

3. SEGMENT INFORMATION (Continued)

(I) Segment revenues and results (Continued)

	Six months ended 30 September 2014			
	Property investments and development/ hotel *HK$* (Unaudited)	Manufacturing and distribution of plastics packaging materials *HK$* (Unaudited)	Stock broking, futures and finance *HK$* (Unaudited)	Consolidated *HK$* (Unaudited)
Segment revenue	23,685,072	245,056,730	15,965,822	284,707,624
Segment results	11,630,088	6,487,698	4,711,609	22,829,395
Gains arising on change in fair value of investment properties	35,328,153	–	–	35,328,153
Gain on disposal of investment property	107,714,185	–	–	107,714,185
Profit from operations	154,672,426	6,487,698	4,711,609	165,871,733
Unallocated finance costs				(3,882,274)
Share of results of associates				342,511
Profit before tax				162,331,970
Unallocated income tax expense				(2,169,964)
Profit for the period				160,162,006

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

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

3. SEGMENT INFORMATION (Continued)

(II) Segment assets and liabilities

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

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

– all assets are alloctaed to reportable segments, other than interests in associates and tax recoverable; and

– all liabilities are allocated to reportable segments, other than bank loans and overdrafts, tax payable and deferred tax liabilities.

3. SEGMENT INFORMATION (Continued)

(III) Other segment information

	Property investments and and development/hotel Six months ended 30 September		Manufacturing and distribution of plastic packaging materials Six months ended 30 September		Stock broking and finance Six months ended 30 September		Consolidated Six months ended 30 September	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Amount included in the measure of segment result or segment assets:								
Additions to non-current assets *(Note)*	**349,055,241**	79,834,672	**6,915,982**	316,782	**2,914,622**	566,632	**358,885,845**	80,718,086
Amortisation of leasehold land and land use right	**11,543**	11,543	**253,237**	182,770	**–**	–	**264,780**	194,313
Depreciation of property, plant and equipment	**2,116,800**	2,058,460	**3,509,410**	3,628,555	**159.204**	265,669	**5,785,414**	5,952,684
Grain arising on change in fair value of investment properties	**13,796,128**	35,328,153	**–**	–	**–**	–	**13,796,128**	35,328,153
Impairment loss recognised in respect of trade receivables	**–**	–	**–**	1,179,481	**–**	31,983	**–**	1,211,464
Interest income	**476,322**	476,309	**885,538**	177,636	**152,288**	81,106	**1,514,148**	735,051
Loss on disposal of property, plant and equipment	**–**	60,203	**–**	–	**–**	–	**–**	60,203
Amount regularly provided to the CODM but not included in the measure of segment results or segment assets:								
Interests in associates	–	–	–	–	–	–	**79,240,112**	75,856,729
Finance costs	–	–	–	–	–	–	**3,356,352**	3,882,274
Income tax expense	–	–	–	–	–	–	**2,961,022**	2,169,964
Share results of associates	–	–	–	–	–	–	**(4,471)**	342,511

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

3. SEGMENT INFORMATION (Continued)

(IV) Geographical segment

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

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

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

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

(V) Information about major customers

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

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

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

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

4. TURNOVER

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

5. OTHER REVENUE AND OTHER INCOME

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

6. PROFIT FROM OPERATIONS

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

7. FINANCE COSTS

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

8. INCOME TAX EXPENSE

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

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

Under the Law of the People Republic of China (the "PRC") on enterprise income tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (six months ended 30 September 2014: 25%).

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

9. DIVIDENDS

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

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

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit attributable to owners of the Company of HK$28,657,804 (six months ended 30 September 2014: HK$154,801,247) and on the weighted average number of 217,418,850 (six months ended 30 September 2014: 217,418,850) ordinary shares in issue during the period.

11. INVESTMENT PROPERTIES

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

11. INVESTMENT PROPERTIES (Continued)

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

The valuation of the investment properties at 30 September 2015 and 31 March 2015 were carried out by an independent surveyor, K.T. Liu Surveyors Limited, who is a member of the Hong Kong Institute of Surveyors.

The carrying amount of investment properties shown above comprises:

	30 September 2015	31 March 2015
	HK$	*HK$*
	(Unaudited)	(Audited)
Inside Hong Kong, held under medium term lease	**882,390,000**	526,460,000
Inside Hong Kong, held under long term lease	**96,260,000**	89,320,000
Outside Hong Kong, held under medium term lease	**4,862,235**	4,937,335
	983,512,235	620,717,335

12. TRADE AND OTHER RECEIVABLES

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

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

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

12. TRADE AND OTHER RECEIVABLES (Continued)

The Group allows a credit period up to the respective settlement dates for securities transactions (normally two business days after the respective trade date for cash clients). Each secured margin client has a credit limit.

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

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

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

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

Included in trade receivables, HK$126,355,037 (net of allowance on bad and doubtful debts) (31 March 2015: HK$157,011,122) are advance to margin clients, which are secured by client's listed securities held by the Group as collateral and are interest bearing. The amount of credit facilities granted to margin clients is determined by discounted market value of the collateral securities accepted by the Group. As at 30 September 2015, the total market value of securities pledged as collateral by the customers in respect of the advances to customers is HK$216,262,987 (31 March 2015: HK$261,817,300). No aging analysis is disclosed as, in the opinion of the directors, the aging analysis is not meaningful in view of the revolving nature of the business of securities margin financing.

13. TRADE AND OTHER PAYABLES

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

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

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

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

14. COMPARATIVE FIGURES

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

INTERIM RESULTS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Property Investment and Development/Hotel

Property investment and development/hotel segment comprises property investment and development business in Hong Kong and China and provision of hotel services in Hong Kong. The segment recorded 19.0% decrease in revenue to HK$19.2 million and 43.5% decrease in segment profit to HK$6.6 million for the six months ended 30 September 2015 as compared to the corresponding period in 2014. Including the gain arising on change in fair value of investment properties of HK$13.8 million, the operating profit was HK$20.4 million for the six months ended 30 September 2015.

(i) Property Investment and Development

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

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

(ii) Hotel

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

Manufacturing and Distribution of Plastic Packaging Materials

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

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

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

Stock Broking, Futures and Finance

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

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

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

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

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

Liquidity and Financial Resources

The Group takes a consistent capital management strategy, providing adequate liquidity to meet the requirement of the Group's developments and operations and monitors its capital on the basis of net debt to equity ratio.

As at 30 September 2015, cash and bank equivalents were HK$73.8 million (31 March 2015: HK$101.0 million) and trade and other receivables were HK$281.8 million (31 March 2015: HK$387.4 million). Trade and other payables were HK$275.4 million (31 March 2015: HK$159.3 million). The decrease in cash and bank equivalents was primarily attributable to the settlement of part of the consideration of acquisition of a subsidiary. The decrease in trade and other receivables was mainly attributed to the decrease in margin clients receivables. The increase in trade and other payables was mainly attributed to the increase in payables to clearing house and cash client.

As at 30 September 2015, the Group's bank loans and overdraft increased from HK$288.8 million as at 31 March 2015 to HK$426.8 million, in which the short-term loans amounted to HK$172.8 million (31 March 2015: HK$192.4 million) and long-term loans amounted to HK$254.0 million (31 March 2015: HK$96.4 million). The Group's current period net debt to equity ratio was 31% (31 March 2015: 16%), calculated on the basis of the Group's bank loans and overdraft less cash and cash equivalents divided by total equity attributable to owners of the Company. The increase in the net debt to equity ratio was mainly due to the new bank loans for acquisition of a subsidiary.

Capital Structure

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

Foreign Exchange Exposure

The Group operates in Hong Kong and the PRC and majority of transactions are denominated in Hong Kong dollars, United State dollars ("US$") and Renminbi ("Rmb"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group and the Company.

The Group is not exposed to foreign exchange risk in respect of HK$ against the US$ as long as US$ is pegged.

To minimise exposure on foreign exchange fluctuations, the Group's borrowings are primarily denominated in HK$ and US$. The Group has no significant exposure to foreign exchange rate fluctuations.

The transactions and monetary assets and liabilities denominated in Rmb outside the PRC is minimal, the Group considered that there is no significant foreign exchange risk in respect of Rmb.

Material Acquisitions and Disposals

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

The acquisition was completed at 31 July 2015.

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

Employees and Remuneration Policies

The Group had 445 employees as at 30 September 2015 (31 March 2015: 473). The remuneration policies are determined with reference to the market conditions and individual performance of staff.

STRATEGIES AND PROSPECTS

As global economic condition remains unstable, the group's businesses will undoubtedly be affected. To cope with the uncertainties, we will cautiously review and adjust our business strategies from time to time.

Property Investment and Development

In Hong Kong, the factors of low interest rate environment and limitation of land supply will continue to benefit the local property market. Rental income from the Group's investment properties is expected to remain stable while certain rental leases have been adjusted during contract renewal according to market conditions.

Hotel

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

Manufacturing and Distribution of Plastic Packaging Materials

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

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

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

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

Stock Broking, Futures & Finance

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

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

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

INTERIM DIVIDEND

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

Pursuant to Code A.4.1, non-executive directors should be appointed for a specific term. Currently, non-executive directors are not appointed for a specific term but they are subject to retirement by rotation and become eligible for re-election at each annual general meeting under the articles of association of the Company. The deviation is deemed appropriate as the retirement by rotation has given the Company's Shareholders the right to approve or disapprove the continuation of the service of non-executive directors.

Pursuant to Code A.6.7, independent non-executive directors and non-executive directors, as equal board members, should attend general meetings of the Company. During the year, certain executive director and non-executive director were unable to attend the annual general meeting of the Company held on 21 August 2015 as they had other business engagements.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' DEALING IN SECURITIES

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

AUDIT COMMITTEE

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

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period under review.

PUBLICATIONS OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's interim report for the six months ended 30 September 2015 will be despatched to the shareholders of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under "Latest Listed Company Information" and on the website of the Company at www.seapnf.com.hk under "Financial Statements" in due course.

By Order of the Board
CHUA NAI TUEN
Chairman and Managing Director

Hong Kong, 18 November 2015

As at the date of this announcement, the board of directors of the Company comprises: (1) Executive directors: Mr. Chua Nai Tuen (Chairman and Managing Director), Mr. Chua Nai King (Deputy Chairman), Mr. Nelson Junior Chua and Mr. Gilson Chua; (2) Non-executive directors: Mr. Chan Man Hon, Eric, Mr. Jimmy Siy Tiong, Mr. Rene Siy Chua, Mr. Samuel Siy Yap, Mr. Tsai Han Yung and Ms. Vivian Chua; and (3) Independent non-executive directors: Mr. Chan Siu Ting, Mr. James L. Kwok, Mr. Wong Shek Keung, Mr. Tsui Ka Wah and Mr. Tsai Sui Cheung, Andrew.