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 ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

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 financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2016, together with the comparative figures of the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2016

	Notes	Six months ended 30 September 2016 HK$ (Unaudited)	2015 HK$ (Unaudited)
Revenue	5	**243,255,667**	271,406,224
Cost of sales		**(189,448,391)**	(217,517,634)
Gross profit		**53,807,276**	53,888,590
Other revenue and other income	6	**5,551,117**	4,240,060
Gains arising on change in fair value of investment properties		**11,284,445**	13,796,128
Losses arising on change in fair value of financial assets at fair value through profit or loss		**(319,575)**	(2,573,048)
Selling and distribution expenses		**(4,975,944)**	(4,904,612)
Administrative expenses		**(25,929,217)**	(30,512,632)
Other operating gains		**207,743**	281,863
Profit from operations	7	**39,625,845**	34,216,349
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	8	**(3,886,315)**	(3,356,352)
Share of results of associates		**(564,119)**	(4,471)
Profit before tax		**35,175,411**	31,947,159
Income tax expense	9	**(3,808,877)**	(2,961,022)
Profit for the period		**31,366,534**	28,986,137
Profit for the period attributable to:			
Owners of the Company		**30,118,983**	28,657,804
Non-controlling interests		**1,247,551**	328,333
		31,366,534	28,986,137
Earnings per share			
Basic and diluted (HK cents)	11	**13.85**	13.18

Details of dividends are set out in note 10.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2016

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2016

	30 September 2016	31 March 2016
	HK$	*HK$*
	(Unaudited)	(Audited)
Net current assets	**173,951,651**	173,610,340
Total assets less current liabilities	**1,430,008,514**	1,419,904,543
Non-current liabilities		
Bank loans	**232,698,801**	243,387,421
Amounts due to non-controlling interests	**2,960,000**	2,960,000
Deferred tax liabilities	**7,385,065**	6,980,708
	243,043,866	253,328,129
Net assets	**1,186,964,648**	1,166,576,414
Capital and reserves		
Share capital	**217,418,850**	217,418,850
Reserves	**949,063,138**	929,937,402
Total equity attributable to owners of the Company	**1,166,481,988**	1,147,356,252
Non-controlling interests	**20,482,660**	19,220,162
Total equity	**1,186,964,648**	1,166,576,414

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

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

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

The Company has delivered the financial statements for the year ended 31 March 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622).

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.

2. BASIS OF PREPARATION (Continued)

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

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

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2016.

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

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

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

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

4. SEGMENT INFORMATION

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

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

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

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

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

4. SEGMENT INFORMATION (Continued)

(I) Segment revenue and results

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

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

Segment results represent the profit earned by each segment without allocation of cumulative gains arising on change in fair value of disposed available-for-sale financial assets, finance costs, share of results of associates and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

4. SEGMENT INFORMATION (Continued)

(II) Segment assets and liabilities

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

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

- all assets are allocated to reportable segments, other than interests in associates, deferred tax assets and prepaid tax; and

- all liabilities are allocated to reportable segments, other than amounts due to an associate, bank loans and overdrafts, tax payable and deferred tax liabilities.

4. SEGMENT INFORMATION (Continued)

(III) Other segment information

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

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

4. SEGMENT INFORMATION (Continued)

(IV) Geographical segment

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

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

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

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

4. SEGMENT INFORMATION (Continued)

(V) Information about major customers

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

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

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

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

5. REVENUE

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

6. OTHER REVENUE AND OTHER INCOME

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

7. PROFIT FROM OPERATIONS

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

8. FINANCE COSTS

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

9. INCOME TAX EXPENSE

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

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

Under the Law of the People Republic of China on enterprise income tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (six months ended 30 September 2015: 25%).

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

10. DIVIDENDS

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

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

11. EARNINGS PER SHARE

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

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

12. TRADE AND OTHER RECEIVABLES

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

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

12. TRADE AND OTHER RECEIVABLES (Continued)

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

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

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

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

The following is an aging analysis of trade receivables of the Group arose from clearing house and cash clients and other customers, presented based on the invoice date, which approximates the respective revenue recognition dates and net of allowance for doubtful debts:

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

Included in trade receivables, there were loans to margin clients (net of allowance on bad and doubtful debts) of HK$82,733,592 (31 March 2016: HK$79,726,183). Margin loans due from margin clients are repayable on demand. Margin loans are required to be secured by clients' listed securities held by the Group as collateral and bears interest at 8.25% for the six months ended 30 September 2016 (31 March 2016: 8.25%). The amount of credit facilities granted to margin clients is determined by discounted market value of the collateral securities accepted by the Group. As at 30 September 2016, the total market value of securities pledged as collateral by the customers in respect of the loans to customers was HK$164,521,427 (31 March 2016: HK$169,171,622). No aging analysis is disclosed as, in the opinion of the directors, the aging analysis is not meaningful in view of the revolving nature of the business of securities margin financing.

13. TRADE AND OTHER PAYABLES

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

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

Property Investment, Development and Leasing/Hotel Operation

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

(i) Property Investment, Development and Leasing

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

(ii) Hotel Operation

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

Manufacturing and Distribution of Plastic Packaging Materials

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

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

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

Broking and Securities Margin Financing

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

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

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

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

Liquidity and Financial Resources

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

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

As at 30 September 2016, the Group’s bank loans and overdraft reduced from HK$349.5 million as at 31 March 2016 to HK$341.1 million, in which the short-term loans amounted HK$108.4 million (31 March 2016: HK$106.1 million) and long-term loans amounted HK$232.7 million (31 March 2016: HK$243.4 million). The Group’s current period net debt to equity ratio was 21% (31 March 2016: 23%), calculated on the basis of the Group’s bank loans and overdraft less cash and cash equivalents divided by total equity attributable to owners of the Company. The decrease in the net debt to equity ratio was mainly due to the repayment of bank loans during the period.

Capital Structure

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

Foreign Exchange Exposure

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

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

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

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

Material Acquisitions and Disposals

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

Employees and Remuneration Policies

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

STRATEGIES AND PROSPECTS

Looking ahead, as the volatility of global economic environment, our businesses will undoubtedly be affected. To cope with the uncertainties, we will cautiously review and adjust our business strategies from time to time.

Property Investment, Development and Leasing

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

Hotel Operation

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

Manufacturing and Distribution of Plastic Packaging Materials

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

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

Broking and Securities Margin Financing

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

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

INTERIM DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND

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

CHANGE IN DIRECTORS' INFORMATION

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

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

Pursuant to Code A.6.7, independent non-executive directors and non-executive directors, as equal board members, should attend general meetings of the Company. During the period, certain non-executive directors and an independent non-executive director were unable to attend the annual general meeting of the Company held on 26 August 2016 as they had other business engagements.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' DEALING IN SECURITIES

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" ("Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors of the Company. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code during the period, except that for Mr. Rene Siy Yap, a non-executive director, the Company was informed that: on 18 April 2016, during the period of 60 days immediately preceding 3 June 2016, the publication date of the annual results of the Company for the year ended 31 March 2016, 132,000 shares of the Company was transferred from Mr. Rene Siy Yap's sister to him without first notifying in writing the chairman and receiving a dated written acknowledgement in accordance with paragraph 8 of the Model Code.

AUDIT COMMITTEE

The Audit Committee of the Company, which comprises four independent non-executive directors of the Company, namely Mr. Chan Siu Ting (Chairman of the Audit Committee), Mr. James L. Kwok, Mr. Wong Shek Keung and Mr. Tsui Ka Wah and two non-executive directors of the Company, namely Mr. Chan Man Hon, Eric and Mr. Tsai Han Yung. The interim results of the Group for the six months ended 30 September 2016 have been reviewed by the Audit Committee, prior to their approval by the Board.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

PUBLICATIONS OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's interim report for the six months ended 30 September 2016 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 2016

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. 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.