

## SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Interim Report 2002/2003

### RESULTS

The Directors of Southeast Asia Properties & Finance Limited announce that the unaudited consolidated results of the Company and its subsidiaries for the six months ended 30th September, 2002 together with comparative figures for the corresponding period in the previous year were as follows:-

### CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30th September,	
	Notes	2002	2001
		(Unaudited)	(Unaudited)
		HK\$	HK\$
TURNOVER	3	<b>89,002,550</b>	82,993,944
COST OF SALES		<b>(53,101,468)</b>	(51,165,792)
GROSS PROFIT		<b>35,901,082</b>	31,828,152
OTHER (EXPENSES) REVENUE	4	<b>(693,987)</b>	1,486,115
DISTRIBUTION EXPENSES		<b>(4,282,115)</b>	(3,656,844)
ADMINISTRATIVE EXPENSES		<b>(17,941,491)</b>	(18,717,448)
OTHER OPERATING EXPENSES		<b>(514,903)</b>	(178,752)
PROFIT FROM OPERATIONS	5	<b>12,468,586</b>	10,761,223
FINANCE COSTS	6	<b>(3,147,690)</b>	(4,766,323)
SHARE OF (LOSS) PROFITS OF ASSOCIATES		<b>(947,999)</b>	2,445,010
PROFIT BEFORE TAXATION		<b>8,372,897</b>	8,439,910
TAXATION	7	<b>(89,007)</b>	(684,208)
PROFIT AFTER TAXATION		<b>8,283,890</b>	7,755,702
MINORITY INTERESTS		<b>(595,746)</b>	(409,792)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		<b>7,688,144</b>	7,345,910
EARNINGS PER SHARE	8	<b>3.9 cents</b>	3.7 cents

## SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Interim Report 2002/2003

### CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	<b>30th September, 2002 (Unaudited) HK\$</b>	31st March, 2002 (Audited) HK\$
<b>NON-CURRENT ASSETS</b>			
INVESTMENT PROPERTIES		<b>267,329,719</b>	267,329,719
PROPERTY, PLANT & EQUIPMENT		<b>65,077,851</b>	62,169,905
PROPERTIES UNDER DEVELOPMENT		<b>14,642,080</b>	14,642,080
INTERESTS IN ASSOCIATES		<b>32,083,002</b>	32,390,421
INVESTMENT SECURITIES		<b>6,475,889</b>	6,475,889
OTHER ASSETS		<b>5,726,206</b>	5,726,206
		<b>391,334,747</b>	388,734,220
<b>CURRENT ASSETS</b>			
CONSTRUCTION IN PROGRESS		—	64,979
INVENTORIES		<b>15,983,212</b>	14,286,223
TRADING PROPERTIES		<b>24,713,224</b>	24,713,224
TRADE AND OTHER RECEIVABLES	9	<b>109,667,136</b>	84,044,375
OTHER INVESTMENTS		<b>15,916,350</b>	16,909,815
LOANS AND ADVANCES		<b>11,061,829</b>	12,062,637
DEPOSITS AND PREPAYMENTS		<b>1,708,124</b>	1,884,471
TAX PREPAID		<b>135,583</b>	102,877
CASH AND BANK BALANCES		<b>38,692,540</b>	36,793,588
		<b>217,877,998</b>	190,862,189
<b>CURRENT LIABILITIES</b>			
TRADE AND OTHER PAYABLES	10	<b>73,690,421</b>	60,685,754
DIVIDEND PAYABLE		<b>2,634,835</b>	214,265
BANK LOANS AND OVERDRAFTS	11	<b>98,191,246</b>	89,138,953
AMOUNT DUE TO ASSOCIATES		<b>447,563</b>	1,643,821
TAXATION		<b>2,386,502</b>	2,345,654
		<b>177,350,567</b>	154,028,447
<b>NET CURRENT ASSETS</b>		<b>40,527,431</b>	36,833,742

**SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED**

Interim Report 2002/2003

		<b>30th September,</b>	31st March,
	<i>Notes</i>	<b>2002</b>	2002
		<b>(Unaudited)</b>	(Audited)
		<b>HK\$</b>	HK\$
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>431,862,178</b>	425,567,962
<b>NON-CURRENT LIABILITIES</b>			
LONG TERM BORROWINGS	11	<b>31,273,022</b>	28,428,231
DEFERRED TAXATION		<b>915,912</b>	915,912
		<b>32,188,934</b>	29,344,143
MINORITY INTERESTS		<b>6,616,092</b>	6,020,348
		<b>393,057,152</b>	390,203,471
<b>CAPITAL AND RESERVES</b>			
SHARE CAPITAL	12	<b>197,653,500</b>	131,769,000
RESERVES		<b>195,403,652</b>	253,163,711
PROPOSED DIVIDENDS		—	5,270,760
		<b>393,057,152</b>	390,203,471

## SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Interim Report 2002/2003

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Investment Property		Exchange Reserve HK\$	Capital Reserve HK\$	Retained Profits HK\$	Total HK\$
	Share Capital HK\$	Revaluation Reserve HK\$				
AT 1 APRIL 2002	131,769,000	205,435,419	(3,175,143)	37,647	50,865,788	384,932,711
BONUS ISSUE	65,884,500	(65,884,500)				—
GOODWILL WRITTEN BACK IN RESPECT OF INTEREST IN ASSOCIATES	—	—	—	—	601,505	601,505
EXCHANGE DIFFERENCE ARISING FROM TRANSLATION OF OVERSEAS SUBSIDIARIES	—	—	(428,820)	—	—	(428,820)
SHARE OF RESERVES IN ASSOCIATES	—	—	263,612	—	—	263,612
PROFIT FOR THE PERIOD	—	—	—	—	7,688,144	7,688,144
<b>AT 30 SEPTEMBER 2002</b>	<b>197,653,500</b>	<b>139,550,919</b>	<b>(3,340,351)</b>	<b>37,647</b>	<b>59,155,437</b>	<b>393,057,152</b>
AT 1 APRIL 2001	131,769,000	211,526,748	(574,284)	(76,972)	41,820,558	384,465,050
EXCHANGE DIFFERENCE ARISING FROM TRANSLATION OF OVERSEAS SUBSIDIARIES	—	—	(372,645)	—	—	(372,645)
EXCHANGE RESERVE REALISED UPON WINDING UP OF A SUBSIDIARY	—	—	(2,792,025)	—	—	(2,792,025)
SHARE OF RESERVES IN ASSOCIATES	—	—	—	114,619	—	114,619
PROFIT FOR THE PERIOD	—	—	—	—	7,345,910	7,345,910
AT 30 SEPTEMBER 2001	131,769,000	211,526,748	(3,738,954)	37,647	49,166,468	388,760,909

## SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Interim Report 2002/2003

### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30th September,	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$	HK\$
NET CASH FROM (USED IN) OPERATING ACTIVITIES	<b>1,300,636</b>	(2,592,362)
NET CASH USED IN INVESTING ACTIVITIES	<b>(8,274,862)</b>	(5,793,588)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	<b>17,169,928</b>	(1,622,471)
INCREASE IN CASH AND CASH EQUIVALENTS	<b>10,195,702</b>	(10,008,421)
CASH AND CASH EQUIVALENTS AT 1ST APRIL	<b>23,078,205</b>	20,513,047
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<b>398,845</b>	429,314
CASH AND CASH EQUIVALENTS AT 30TH SEPTEMBER	<b>33,672,752</b>	10,933,940
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS:		
BANK BALANCES AND CASH	<b>38,692,540</b>	32,252,595
BANK OVERDRAFTS	<b>(5,019,788)</b>	(21,318,655)
	<b>33,672,752</b>	10,933,940

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

For the six months ended 30th September, 2002

### **1. Basic of preparation & significant accounting policies**

The unaudited interim financial statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") No.25 (Revised) "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and 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 accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended March 31, 2002 except for the following.

The Group has adopted the following Statement of Standard Accounting Practice commencing on 1st April, 2002:

SSAP 1 (Revised):	Presentation of Financial Statements
SSAP 11 (Revised):	Foreign Currency Translation
SSAP 15 (Revised):	Cash Flow Statements
SSAP 25 (Revised):	Interim Financial Reporting
SSAP 34:	Employee Benefits

#### *Statement of changes in equity*

In accordance with SSAP 1 (Revised), the requirement for presenting a statement of recognised gain and losses has changed to presenting a statement of changes in equity. The condensed consolidated statement of changes in equity for the current period has been presented accordingly.

#### *Foreign Currency Translation*

In adopting SSAP 11 (Revised) "Foreign Currency Translation" ("SSAP 11 (Revised)"), the results of the Company's foreign subsidiaries and associates should be translated into Hong Kong dollars at an average rate by using the net investment method. In the previous years, the results of the Company's foreign subsidiaries and associates were translated into Hong Kong dollars by using the closing rate method. The adoption of SSAP 11 (Revised) has not been applied retrospectively to the prior periods as it is impractical to calculate its effect to the prior periods and the effect of the adoption of SSAP 11 (Revised) is not significant to the net profit of the Group for the six months ended 30th September, 2002.

#### *Cash flow statement*

Under SSAP 15 (revised), cash flows are classified by operating, investing and financing activities. The condensed consolidated cash flow statement has been presented in accordance with this revised SSAP.

#### *Employee benefits*

SSAP 34 prescribes the accounting treatment and disclosures for employee benefits. This SSAP has not had any material effect on the results for the current and prior accounting periods.

The adoption of the other new/revised standards during the period has no material effect on the Group's results of the current and prior periods other than the changes in the format of presentation of consolidated cash flow statement and the consolidated statement of changes in equity. Certain comparative figures have been reclassified to conform with the current period's presentation.

# SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Interim Report 2002/2003

## 2. Segment Information

### i) Business Segment

Six months ended 30th September (Unaudited)

	Property development and investment		Manufacturing and trading of plastic packing material		Stock broking and finance		Eliminations		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	Turnover									
External sales	9,696,979	10,793,211	72,395,624	64,715,830	6,909,947	7,484,903			89,002,550	82,993,944
Inter-segment sales	876,076	851,681	—	—	—	—	(876,076)	(851,681)	—	—
Total revenue	<u>10,573,055</u>	<u>11,644,892</u>	<u>72,395,624</u>	<u>64,715,830</u>	<u>6,909,947</u>	<u>7,484,903</u>	<u>(876,076)</u>	<u>(851,681)</u>	<u>89,002,550</u>	<u>82,993,944</u>
Result										
Segment result	3,585,859	4,023,996	11,534,578	7,689,622	(2,651,851)	(3,744,420)			12,468,586	7,969,198
Including unrealised holding loss on other investments	—	—	—	—	(4,000,630)	(4,253,641)				
Exchange reserve realisation									—	2,792,025
Finance costs									(3,147,690)	(4,766,323)
Share of net profits (loss) of associates	137,695	72,051	(1,085,694)	2,372,959	—	—			(947,999)	2,445,010
Profit from ordinary activities before taxation									8,372,897	8,439,910
Taxation	—	(14,766)	(78,017)	(556,252)	(10,990)	(113,190)			(89,007)	(684,208)
Profit from ordinary activities after taxation									8,283,890	7,755,702
Minority interests	—	—	(581,320)	(368,501)	(14,426)	(41,291)			(595,746)	(409,792)
Profit attributable to shareholders for the period									7,688,144	7,345,910
Segment assets	325,087,370	339,366,758	131,118,829	122,886,076	114,447,655	87,260,704			570,653,854	549,513,538
Interest in associates	18,258,920	15,151,830	13,824,082	17,723,041	—	—			32,083,002	32,874,871
Unallocated corporate assets									6,475,889	6,475,889
Total assets	<u>343,346,290</u>	<u>354,518,588</u>	<u>144,942,911</u>	<u>140,609,117</u>	<u>114,447,655</u>	<u>87,260,704</u>			<u>609,212,745</u>	<u>588,864,298</u>
Segment liabilities	35,550,640	40,136,148	13,275,168	17,828,645	31,249,425	29,058,074			80,075,233	87,022,867
Unallocated liabilities									129,464,268	108,991,071
Consolidated total liabilities									209,539,501	194,013,938
Minority interests	—	—	5,072,969	4,524,781	1,543,123	1,564,676			6,616,092	6,089,457
Depreciation for the period	254,760	245,535	2,186,678	1,996,747	166,336	179,341			2,607,774	2,421,623
Capital expenditure incurred during the period	496,473	310,795	5,283,240	864,972	69,060	378,603			5,848,773	1,554,370

## SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Interim Report 2002/2003

### ii) Geographical Segment

	Turnover	
	Six months ended	
	30th September,	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Hong Kong	20,707,632	21,433,107
Mainland China	679,969	648,009
North America	26,610,631	22,680,309
Europe	13,788,626	13,608,185
Australia	11,778,249	17,496,238
Asia	15,437,443	7,128,096
	<b>89,002,550</b>	<b>82,993,944</b>

	Carrying amount of		Additions to property,	
	segment assets		plant, equipment	
	Six months ended		Six months ended	
	30th September,		30th September,	
	2002	2001	2002	2001
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Hong Kong	401,474,794	373,704,269	1,140,898	918,826
Mainland China	155,674,976	165,182,297	4,707,875	635,544
North America	4,295,361	3,845,018	—	—
Europe	3,185,633	1,831,983	—	—
Australia	3,351,392	2,935,299	—	—
Asia	2,671,698	2,014,672	—	—
	<b>570,653,854</b>	<b>549,513,538</b>	<b>5,848,773</b>	<b>1,554,370</b>



## SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Interim Report 2002/2003

### 3. Turnover

	Six months ended	
	30th September,	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Sale of goods	72,395,624	64,715,830
Gross rental income	8,258,238	8,988,913
Brokerage commission	6,203,997	6,846,189
Guest house income	1,438,741	1,804,298
Gains on foreign exchange dealings	224,874	290,339
Dividend income	481,076	348,375
	<u>89,002,550</u>	<u>82,993,944</u>

### 4. Other (expenses) revenues

	Six months ended	
	30th September,	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Interest income	2,000,287	1,774,761
Other income	1,251,932	926,225
Unrealised holding loss on other investments	(4,000,630)	(4,253,641)
Exchange gains	54,424	—
Profit on disposals of other investments	—	34,909
Overprovision for winding up expenses of a subsidiary	—	211,836
Exchange reserve realised upon winding up of a subsidiary	—	2,792,025
	<u>(693,987)</u>	<u>1,486,115</u>

## SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Interim Report 2002/2003

### 5. Profit from operations

	Six months ended	
	30th September,	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Profit from operations is arrived at after charging:		
Cost of inventories sold	42,487,367	39,803,399
Exchange loss	—	178,753
Bad debt provision and write-off	289,828	342,325
Loss on disposal of property, plant and equipment	211,532	—
Staff costs (including directors' remuneration)	15,626,424	16,166,563
Operating lease rental in respect of land and buildings	919,464	639,600
Depreciation	2,607,774	2,421,623
	<u>                    </u>	<u>                    </u>
and after crediting:		
Gross rental income from investment properties	8,258,238	8,988,913
Less: outgoings	(60,057)	(129,630)
Net rental income	<u>8,198,181</u>	<u>8,859,283</u>

### 6. Finance costs

	Six months ended	
	30th September,	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Interest on:		
Bank loans and overdrafts wholly repayable within five years	2,873,104	3,781,067
Other borrowings	16,911	634,940
Bank charges	257,675	350,316
	<u>                    </u>	<u>                    </u>
	<u>3,147,690</u>	<u>4,766,323</u>

## SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Interim Report 2002/2003

### 7. *Taxation*

	Six months ended	
	30th September,	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Company and subsidiaries		
Hong Kong Profits tax	10,990	127,956
Deferred taxation	—	—
	<u>10,990</u>	<u>127,956</u>
Share of taxation attributable to associates		
Hong Kong Profits tax	25,050	—
Overseas Profits tax	52,967	556,252
	<u>78,017</u>	<u>556,252</u>
	<u>89,007</u>	<u>684,208</u>

Hong Kong Profits tax has been provided at the rate of 16% (2001:16%) on the estimated assessable profits arising in Hong Kong for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the associates operate.

### 8. *Earnings per share*

The calculation of the earnings per share is based on the profit attributable to Shareholders of HK\$7,688,144 (2001: HK\$7,345,919) and ordinary shares in issue of 197,653,500. (2001: 197,653,500 after adjusting for the bonus issue made on 18th September 2002.)

## SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Interim Report 2002/2003

### 9. Trade and other receivables

The Group allows an average credit period of 30 days to 90 days to its trade customers. The ageing analysis of trade and other receivables was as follows:

	<b>30th September 2002 (Unaudited) HK\$</b>	31st March 2002 (Audited) HK\$
0-1 month	<b>76,377,532</b>	50,684,378
2-3 months	<b>3,029,008</b>	1,256,445
Over 3 months	<b>35,519,654</b>	37,707,393
	<b>114,926,194</b>	89,648,216
Less: provision for doubtful debts	<b>(5,259,058)</b>	(5,603,841)
	<b>109,667,136</b>	84,044,375

### 10. Trade and other payables

The ageing analysis of trade and other payables was as follows:

	<b>30th September 2002 (Unaudited) HK\$</b>	31st March 2002 (Audited) HK\$
0-1 month	<b>40,607,512</b>	38,881,125
2-3 months	<b>1,930,249</b>	475,480
Over 3 months	<b>31,152,660</b>	21,329,149
	<b>73,690,421</b>	60,685,754

## SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Interim Report 2002/2003

### 11. Borrowings

	<b>30th September</b>	31st March
	<b>2002</b>	2002
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$</b>	HK\$
Secured bank overdrafts	<b>5,019,788</b>	13,715,383
Secured bank loans	<b>124,444,480</b>	103,851,801
	<b><u>129,464,268</u></b>	<u>117,567,184</u>
Secured bank loans and overdrafts repayable:		
Within one year	<b>98,191,246</b>	89,138,953
More than one year but not exceeding two years	<b>12,597,708</b>	10,798,917
More than two years but not exceeding five years	<b>18,675,314</b>	17,629,314
	<b><u>129,464,268</u></b>	<u>117,567,184</u>
Portion due within one year included under current liabilities	<b>(98,191,246)</b>	(89,138,953)
Portion due after one year	<b><u>31,273,022</u></b>	<u>28,428,231</u>

### 12. Share capital

	<b>30th September,</b>	31st March,
	<b>2002</b>	2002
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$</b>	HK\$
Authorized:		
200,000,000 shares of HK\$1.00 each	<b><u>200,000,000</u></b>	<u>200,000,000</u>
Issued and fully paid:		
197,653,500 (2001: 131,769,000) shares of HK\$1.00 each	<b><u>197,653,500</u></b>	<u>131,769,000</u>

Pursuant to an ordinary resolution passed at the annual general meeting held on 18th September, 2002, the issued share capital was increased to HK\$197,653,500 by applying HK\$65,884,500 from investment property revaluation reserve in payment in full at par of 65,884,500 ordinary shares of HK\$1.00 each in the proportion of one new share for every two existing shares held on 18th September, 2002. The issued shares rank pari passu with the existing shares in all respects.

## SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Interim Report 2002/2003

### 13. Commitments

As at 30th September 2002, the Group had commitments under non-cancellable operating leases in respect of land and buildings to make payment in the following periods as follows:

	<b>30th September, 2002 (Unaudited) HK\$</b>	31st March, 2002 (Audited) HK\$
Within one year	<b>1,000,867</b>	1,708,328
More than one year but not exceeding five years	—	190,599
	<b><u>1,000,867</u></b>	<u>1,898,927</u>

### 14. Future rental incomes

As at 30th September 2002, the total future rental incomes receivable under non-cancellable operating leases are analysed as follows:

	<b>30th September, 2002 (Unaudited) HK\$</b>	31st March, 2002 (Audited) HK\$
Within one year	<b>11,690,400</b>	11,699,811
More than one year but not exceeding five years	<b>6,319,729</b>	6,265,150
	<b><u>18,010,129</u></b>	<u>17,964,961</u>

## SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Interim Report 2002/2003

### 15. Pledge of assets

As at 30th September, 2002, the Group had the following assets pledged to bank to secure general banking facilities granted to the Group.

	<b>30th September, 2002 (Unaudited) HK\$</b>	31st March, 2002 (Audited) HK\$
Investment properties in Hong Kong, at valuation	<b>266,500,000</b>	266,500,000
Land & building in Hong Kong, at net book value	<b>749,098</b>	758,879
Other investments, at market value	<b>15,862,500</b>	16,861,350
Time deposits	<b>13,956,800</b>	14,676,632
	<b>297,068,398</b>	298,796,861
Margin clients' Hong Kong listed shares, at market value	<b>39,802,120</b>	13,795,422

### 16. Contingent liabilities

	<b>30th September, 2002 (Unaudited) HK\$</b>	31st March, 2002 (Audited) HK\$
Bills discounted with recourse	<b>7,199,366</b>	7,308,960
Guarantees issued to banks in respect of:		
- bank facilities granted to associates	<b>4,500,000</b>	2,400,000
- mortgage loans granted to purchasers of trading properties	<b>9,500,000</b>	9,500,000

### 17. Comparative figures

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

18. The unaudited interim accounts for the six months ended 30th September, 2002 have been reviewed by the Audit Committee of the Company.

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2002 (2001: Nil).

## **COMMENTARY ON INTERIM RESULTS**

### **Review of interim results**

During this period, the Group's turnover was HK\$89,002,550 (2001: HK\$82,993,944). The Group's operating profit before finance costs and share of loss of associates amounted to HK\$12,468,586 (2001: HK\$10,761,223). Profit attributable to Shareholders for the first half of the year amounted to HK\$7,688,144 (2001: HK\$7,345,910).

### **Liquidity and financial resources**

At 30th September, 2002, the Group's bank borrowings increased from HK\$117.57 million of the last year end date to HK\$129.46 million of this year, in which the short term borrowings amounted to HK\$98.19 million and long term borrowings amounted to HK\$31.27 million. The Group's current year debt/equity ratio was 33% expressed as a percentage of the Group's total bank borrowings over the Shareholders' funds of HK\$393.06 million.

To minimize exposure on foreign exchange fluctuations, the Group's borrowings are primarily denominated in Hong Kong dollars and United States dollars. The Group has no significant exposure to foreign exchange rate fluctuations.

### **Capital Structure**

At 30th September, 2002, the Group's Shareholders' funds amounted to HK\$393.06 million (31/3/2002: HK\$390.2 million). The Group's consolidated net assets per share as at 30th September, 2002 was HK\$1.99.

### **Employees**

The Group had about 800 employees as at 30th September, 2002. Employees were remunerated according to nature of the job and market trend. Total staff costs for the six months ended 30th September, 2002 amounted to HK\$15.63 million.



## **BUSINESS REVIEW AND PROSPECTS**

### **Property Investment and Development**

During this period, this business recorded an operating profit before finance costs of HK\$3.59 million (2001: HK\$4.02 million).

The slowdown of the global and Hong Kong economy continued to adversely affect the leasing properties market. Although the Group's leasing properties could still maintain a high occupancy rate, the net rental income during this period only amounted to HK\$8.2 million, representing a decrease of 7.4% from the corresponding period of the last year. With regard to our properties in China, the Group still held some residential units in Shenzhen during this period. As for the land in Dongguan Zhangmutou previously planned for erecting Nan Sing Building, the Group was still planning to change the landuse to commercial building purpose.

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

During this period, this business recorded an operating profit before finance costs of HK\$11.53 million (2001: HK\$7.69 million). Turnover amounted to HK\$72.4 million, representing an increase of 11.9% over the corresponding period of last year.

The improved results showed our efforts at cost control and market expansion. During this period, we continued to make positive progress in penetrating the Japan market so as to achieve an even better results. Regarding the expansion of Dongguan Nan Sing factory, the Group had already completed the planning process and the construction work is now in progress.

### **Stock Broking and Finance**

During this period, the September 11 incident in the United States coupled with a wave of major corporate accounting scandals had depressed the investment climates and this had slowed down the recovery of the global economies. Though there had been an increase in the turnover of Hong Kong stocks since the second quarter of 2002, the operating environment of local securities industry was still difficult because of the continuous competition from the banks. All these unfavourable conditions led to a brokerage income of HK\$6.21 million, representing a decrease of 9.3% from the corresponding period of last year.

During this period, the stock broking and finance business recorded an operating loss before finance costs of HK\$2.65 million (2001: HK\$3.74 million) including the unrealised holding loss on investments of HK\$4 million (2001: HK\$4.25 million).

**Outlook**

Looking upon the second half of this year, the global economic slowdown will go on and Hong Kong will still face significant economic hurdles. Though the Hong Kong's GDP growth has slightly increased in the third quarter of 2002, the deepening deflation and high unemployment rate are especially worrying. All these uncertainties continue to weigh on local investors' and consumers' confidence which will certainly affect the businesses of the Group. However, the economy of Mainland China is expected to grow impressively. Taking the full advantage of this merit, the Group will still focus in the development of the business of manufacturing and distribution of plastic packaging materials. We are prepared to increase our production capacity by expanding the Dongguan Nan Sing factory to meet our overall products upgrading strategies and the increase in market demand through geographical expansion with an aim to strengthen and improve the Group's overall results.

**DIRECTORS' INTERESTS IN SHARE CAPITAL**

As at 30th September, 2002, the interests of the Directors and their associates in the share capital of the Company and its associated corporations as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI" Ordinance) were as follows:-

		<b>Number of shares held</b>		
		<b>Personal Interests</b>	<b>Family Interests</b>	<b>Corporate Interests</b>
(a)	The Company (Ordinary shares of HK\$1.00 per share)			
	Chua Nai Tuen	2,475	—	64,375,513 <i>(Note)</i>
	Chua Nai King	340,402	680,803	2,558,514 <i>(Note)</i>
	Jimmy Siy Tiong	9,487,368	—	—
	Siy Yap	7,950,061	1,537,305	—
	Luis Chua	8,696,754	—	—
	Se Ying Kin	549,036	5,655,085	—
	Rene Siy Chua	8,696,754	—	—
	Tsai Han Yung	6,512,754	—	—

**SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED**

Interim Report 2002/2003

	Number of shares held		
	Personal Interests	Family Interests	Corporate Interests
(b) Full Safe Industries Limited (Ordinary shares of HK\$1.00 each) Chua Nai Tuen	—	—	20,000 (Note)
(c) Nan Sing Plastics Limited (Ordinary shares of HK\$100.00 each) Chua Nai Tuen	—	6,900	—
(d) Titan Dragon Properties Corporation (Capital stock of Philippines Peso 1,000.00 each) Chua Nai Tuen	4,000	12,000	4,000 (Note)
Rene Siy Chua	3,200	—	—
Tsai Han Yung	400	—	—

*Note: The shares regarding 'Corporate interests' in which Messrs. Chua Nai Tuen and Chua Nai King were taken to be interested as stated above were the interests of corporations in general meetings of which they were either entitled to exercise (or were taken under the SDI Ordinance to be able to exercise) or control the exercise of one-third or more of the voting power.*

Save as disclosed above, no interests were held or deemed or taken (under the SDI Ordinance) to be held by any Directors or Chief Executives of the Company in any equity or debt securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) as at 30th September, 2002. Furthermore, during or prior to the period under review, no right was granted to and no right or warrant was held by any Directors or Chief Executives of the Company or any of their spouses or children under eighteen years of age to subscribe for equity or debt securities of the Company.

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS**

As at 30th September, 2002, J & N International Limited had registered interests of 48,236,207 ordinary shares in the share capital of the Company as recorded in the register maintained under Section 16(1) of the SDI Ordinance.

The above information has been set out solely in order to comply with the requirements of the SDI Ordinance. For the avoidance of doubts and double counting, it should be noted that these interests are entirely duplicated with Mr. Chua Nai Tuen's interests as recorded in the preceding note. Save as stated above, no person had registered interests in more than 10% of the issued share capital of the Company at 30th September, 2002.

### **PURCHASE, SALE OR REDEMPTION OF SHARES**

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

### **COMPLIANCE WITH CODE OF BEST PRACTICE**

Throughout the period, save that the Non-executive Directors have not been appointed for a specific term but are subject to retirement by rotation, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

By Order of the Board

**CHUA NAI TUEN**

*Chairman & Managing Director*

Hong Kong, 20th December, 2002