

2007-08

Interim Report

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SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Stock Code : 252

CORPORATE INFORMATION

Board of Directors

Executive Directors

Chua Nai Tuen
(Chairman & Managing Director)
 Chua Nai King
(Deputy Chairman)
 Se Ying Kin

Non-Executive Directors

Siy Yap
 Jimmy Siy Tiong
 Luis Chua
 Rene Siy Chua
 Tsai Han Yung
 Chan Man Hon, Eric

Independent Non-Executive Directors

Chan Siu Ting
 James L. Kwok
 Wong Shek Keung

Audit Committee

Chan Siu Ting *(Chairman)*
 James L. Kwok
 Wong Shek Keung
 Tsai Han Yung
 Chan Man Hon, Eric

Remuneration Committee

James L. Kwok *(Chairman)*
 Wong Shek Keung
 Chan Man Hon, Eric

Principal Bankers

Hang Seng Bank Limited
 Industrial and Commercial Bank
 of China (Asia) Limited
 Standard Chartered Bank
 (Hong Kong) Limited
 Wing Hang Bank, Limited

Solicitors

Vincent T. K. Cheung, Yap & Co.

Auditors

K. L. Young & Co.

Qualified Accountant

Li Wai Man

Company Secretary

Woo Siu Ping, Dilys

Registered Office

Units 407-410, 4th Floor, Tower 2,
 Silvercord, No. 30 Canton Road,
 Tsimshatsui, Kowloon, Hong Kong.

Share Registrar

General Secretarial Services Limited,
 20th Floor, Capitol Centre,
 5-19 Jardine's Bazaar,
 Causeway Bay, Hong Kong.

Stock Code

252

INTERIM RESULTS

The Directors of Southeast Asia Properties & Finance Limited (the "Company") announce that the unaudited consolidated results of the Company and its subsidiaries and associates (collectively the "Group") for the six months ended 30th September, 2007 together with the comparative figures for the corresponding period of last year as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

| | | Six months ended 30th September | |
|--|-------|--|-----------------------------|
| | Notes | 2007 HK\$ (Unaudited) | 2006 HK\$ (Unaudited) |
| TURNOVER | 3 | 198,161,836 | 155,392,205 |
| COST OF SALES | | (155,029,867) | (116,028,259) |
| GROSS PROFIT | | 43,131,969 | 39,363,946 |
| OTHER REVENUES | 4 | 9,361,833 | 5,195,660 |
| FAIR VALUE CHANGES ON INVESTMENT PROPERTIES | | 21,200,000 | 8,220,000 |
| DISTRIBUTION EXPENSES | | (8,030,479) | (5,818,138) |
| ADMINISTRATIVE EXPENSES | | (23,941,002) | (23,143,090) |
| OTHER OPERATING REVENUE (EXPENSES) | | 385,110 | (593,316) |
| PROFIT FROM OPERATIONS | 5 | 42,107,431 | 23,225,062 |
| FINANCE COSTS | 6 | (8,670,209) | (6,262,051) |
| SHARE OF LOSSES OF ASSOCIATES | | (498,324) | (60,202) |
| PROFIT BEFORE TAXATION | | 32,938,898 | 16,902,809 |
| TAXATION | 7 | (6,325,546) | (1,774,551) |
| PROFIT FOR THE PERIOD | | 26,613,352 | 15,128,258 |
| PROFIT ATTRIBUTABLE TO: | | | |
| SHAREHOLDERS OF THE COMPANY | | 26,528,206 | 14,744,205 |
| MINORITY INTERESTS | | 85,146 | 384,053 |
| | | 26,613,352 | 15,128,258 |
| EARNINGS PER SHARE | 8 | 13.4 cents | 7.5 cents |

CONDENSED CONSOLIDATED BALANCE SHEET

| | Notes | 30th September 2007 HK\$ (Unaudited) | 31st March 2007 HK\$ (Audited) |
|--|-------|---|---|
| NON-CURRENT ASSETS | | | |
| INVESTMENT PROPERTIES | 9 | 290,489,183 | 269,289,183 |
| PROPERTY, PLANT & EQUIPMENT | 10 | 180,180,675 | 178,099,502 |
| LEASEHOLD LAND AND LAND USE RIGHTS | | 47,254,811 | 47,476,510 |
| INTERESTS IN ASSOCIATES | | 59,061,686 | 56,863,464 |
| AVAILABLE-FOR-SALE FINANCIAL ASSETS | | 10,822,189 | 8,546,989 |
| INTANGIBLE ASSETS | | 3,202,706 | 2,702,706 |
| OTHER ASSETS | | 1,000,000 | 800,000 |
| | | <hr/> 592,011,250 <hr/> | <hr/> 563,778,354 <hr/> |
| CURRENT ASSETS | | | |
| INVENTORIES | | 67,496,433 | 71,136,631 |
| TRADING PROPERTIES | | 440,765 | 440,765 |
| TRADE AND OTHER RECEIVABLES | 11 | 283,253,726 | 442,987,683 |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT | | 15,388,725 | 13,673,227 |
| DEPOSITS AND PREPAYMENTS | | 10,306,138 | 3,351,190 |
| TAX PREPAID | | 2,006,607 | 89,239 |
| TIME DEPOSITS | | 18,418,229 | 9,858,153 |
| TRUST ACCOUNTS OF SHARES DEALING CLIENTS | | 29,077,652 | 24,612,160 |
| CASH AND BANK BALANCES | | 8,620,212 | 6,873,174 |
| | | <hr/> 435,008,487 <hr/> | <hr/> 573,022,222 <hr/> |

CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

| | Notes | 30th September 2007 HK\$ (Unaudited) | 31st March 2007 HK\$ (Audited) |
|---------------------------------------|-------|---|---|
| CURRENT LIABILITIES | | | |
| FINANCIAL LIABILITIES AT FAIR VALUE | | | |
| | | 244,918 | – |
| | | 176,205,303 | 334,647,897 |
| | | 15,793,474 | 15,797,669 |
| | | 262,973,485 | 247,667,460 |
| | | 1,255,834 | 1,028,087 |
| | | 5,171,600 | 1,000,761 |
| | | 461,644,614 | 600,141,874 |
| | | (26,636,127) | (27,119,652) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | 565,375,123 | 536,658,702 |
| NON-CURRENT LIABILITIES | | | |
| | | 46,274,842 | 48,224,887 |
| | | 44,665,431 | 40,781,640 |
| | | 90,940,273 | 89,006,527 |
| NET ASSETS | | | |
| | | 474,434,850 | 447,652,175 |
| EQUITY | | | |
| | | 197,653,500 | 197,653,500 |
| | | 261,111,129 | 228,501,150 |
| | | – | 5,929,605 |
| SHAREHOLDERS' FUNDS | | | |
| | | 458,764,629 | 432,084,255 |
| MINORITY INTERESTS | | | |
| | | 15,670,221 | 15,567,920 |
| TOTAL EQUITY | | | |
| | | 474,434,850 | 447,652,175 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2007

| | PROPERTY | | | | | | TOTAL HK\$ (Unaudited) |
|---|---|---|--|--|--|--|------------------------------|
| | SHARE CAPITAL HK\$ (Unaudited) | REVALUATION RESERVE HK\$ (Unaudited) | EXCHANGE RESERVE HK\$ (Unaudited) | RETAINED PROFITS HK\$ (Unaudited) | PROPOSED DIVIDENDS HK\$ (Unaudited) | MINORITY INTERESTS HK\$ (Unaudited) | |
| | | | | | | | |
| BALANCE AT 31ST MARCH, 2007 | 197,653,500 | 2,555,496 | 13,185,121 | 212,760,533 | 5,929,605 | 15,567,920 | 447,652,175 |
| EXCHANGE DIFFERENCE ARISING FROM CONSOLIDATION | - | - | 6,081,773 | - | - | 17,155 | 6,098,928 |
| PROFIT FOR THE PERIOD | - | - | - | 26,528,206 | - | 85,146 | 26,613,352 |
| 2007 FINAL DIVIDENDS PAYMENT | - | - | - | - | (5,929,605) | - | (5,929,605) |
| BALANCE AT 30TH SEPTEMBER, 2007 | <u>197,653,500</u> | <u>2,555,496</u> | <u>19,266,894</u> | <u>239,288,739</u> | <u>-</u> | <u>15,670,221</u> | <u>474,434,850</u> |
| BALANCE AT 31ST MARCH, 2006 | 197,653,500 | 2,555,496 | 2,388,610 | 184,108,031 | 5,929,605 | 14,727,113 | 407,362,355 |
| EXCHANGE DIFFERENCE ARISING FROM CONSOLIDATION | - | - | 4,521,660 | - | - | 1,350 | 4,523,010 |
| PROFIT FOR THE PERIOD | - | - | - | 14,744,205 | - | 384,053 | 15,128,258 |
| 2006 FINAL DIVIDENDS PAYMENT | - | - | - | - | (5,929,605) | - | (5,929,605) |
| BALANCE AT 30TH SEPTEMBER, 2006 | <u>197,653,500</u> | <u>2,555,496</u> | <u>6,910,270</u> | <u>198,852,236</u> | <u>-</u> | <u>15,112,516</u> | <u>421,084,018</u> |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Six months ended 30th September | |
|---|--|--------------------|
| | 2007 | 2006 |
| | HK\$ | HK\$ |
| | (Unaudited) | (Unaudited) |
| Net cash (outflow) inflow from operating activities | (5,451,764) | 2,731,221 |
| Net cash outflow from investing activities | (5,965,262) | (5,127,894) |
| Net cash inflow (outflow) from financing activities | 15,173,203 | (7,709,646) |
| Increase (decrease) in cash and cash equivalents | 3,756,177 | (10,106,319) |
| Cash and cash equivalents at 1st April | 1,831,414 | 6,361,550 |
| Effect of foreign exchange rate changes | (14,725) | 1,382,979 |
| Cash and cash equivalents at 30th September | <u>5,572,866</u> | <u>(2,361,790)</u> |
| Analysis of the balances of cash and cash equivalents | | |
| Cash and bank balances | 8,620,212 | 6,239,564 |
| Bank overdrafts | (3,047,346) | (8,601,354) |
| | <u>5,572,866</u> | <u>(2,361,790)</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

1. Basis of preparation and accounting policies

The unaudited condensed interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (HKAS) 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and basis of preparation adopted in the preparation of these condensed interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 March 2007.

In the current interim period, the Group has adopted all the new standards, amendments to standards and interpretations (new/revised HKFRS) issued by the HKICPA that are effective for the accounting periods beginning on or after 1 January 2007.

The adoption of those new/revised HKFRS did not have a material impact on the accounting policies of the Group and the methods of the computation in the Group's condensed interim financial statements.

2. Segment Information

l) Primary reporting format – business segments

| | Six months ended 30th September 2007 | | | | |
|--|--|---|---|------------------------------------|------------------------------|
| | Property development & investment HK\$ (Unaudited) | Manufacturing & trading plastic packaging material HK\$ (Unaudited) | Stock broking & finance HK\$ (Unaudited) | Elimination HK\$ (Unaudited) | Total HK\$ (Unaudited) |
| Turnover | | | | | |
| External sales | 6,451,129 | 171,109,592 | 20,601,115 | - | 198,161,836 |
| Inter-segment sales | 2,460,439 | - | - | (2,460,439) | - |
| Total revenue | <u>8,911,568</u> | <u>171,109,592</u> | <u>20,601,115</u> | <u>(2,460,439)</u> | <u>198,161,836</u> |
| Operation result | (1,076,464) | 4,104,748 | 17,879,147 | | 20,907,431 |
| Fair value changes on investment properties | 21,200,000 | - | - | | 21,200,000 |
| Segment results | <u>20,123,536</u> | <u>4,104,748</u> | <u>17,879,147</u> | | <u>42,107,431</u> |
| Finance costs | - | - | - | | (8,670,209) |
| Share of loss of associates | (48,676) | (449,648) | - | | (498,324) |
| Profit before taxation | | | | | 32,938,898 |
| Taxation | (2,999,746) | (884,045) | (2,441,755) | | (6,325,546) |
| Profit for the period | | | | | <u>26,613,352</u> |
| Depreciation & amortisation | 1,286,050 | 4,327,363 | 168,828 | | 5,782,241 |
| Capital expenditure | 2,159,438 | 1,588,462 | 744,325 | | 4,492,225 |

2. Segment Information (Continued)

1) Primary reporting format – business segments (Continued)

| | Six months ended 30th September 2006 | | | | |
|--|--|---|---|------------------------------------|------------------------------|
| | Property development & investment HK\$ (Unaudited) | Manufacturing & trading plastic packaging material HK\$ (Unaudited) | Stock broking & finance HK\$ (Unaudited) | Elimination HK\$ (Unaudited) | Total HK\$ (Unaudited) |
| Turnover | | | | | |
| External sales | 5,430,016 | 143,255,574 | 6,706,615 | – | 155,392,205 |
| Inter-segment sales | 1,724,180 | – | – | (1,724,180) | – |
| Total revenue | <u>7,154,196</u> | <u>143,255,574</u> | <u>6,706,615</u> | <u>(1,724,180)</u> | <u>155,392,205</u> |
| Operation result | (1,760,537) | 12,528,430 | 4,237,169 | | 15,005,062 |
| Fair value changes on investment properties | <u>8,220,000</u> | <u>–</u> | <u>–</u> | | <u>8,220,000</u> |
| Segment results | <u>6,459,463</u> | <u>12,528,430</u> | <u>4,237,169</u> | | <u>23,225,062</u> |
| Finance costs | – | – | – | | (6,262,051) |
| Share of (loss) profit of associates | 59,818 | (120,020) | – | | <u>(60,202)</u> |
| Profit before taxation | | | | | 16,902,809 |
| Taxation (charges) credit | 48,890 | (1,223,441) | (600,000) | | <u>(1,774,551)</u> |
| Profit for the period | | | | | <u>15,128,258</u> |
| Depreciation & amortisation | 1,340,116 | 4,153,133 | 86,395 | | 5,579,644 |
| Capital expenditure | 5,880 | 3,790,515 | 114,022 | | 3,910,417 |

2. Segment Information (Continued)

1) Primary reporting format – business segments (Continued)

| As at 30th September 2007 | | | | |
|---------------------------------|--|---|---|------------------------------|
| | Property development & investment HK\$ (Unaudited) | Manufacturing & trading plastic packaging material HK\$ (Unaudited) | Stock broking & finance HK\$ (Unaudited) | Total HK\$ (Unaudited) |
| Segment assets | 325,052,163 | 333,094,816 | 298,988,883 | 957,135,862 |
| Interest in associates | 49,888,751 | 9,172,935 | – | 59,061,686 |
| Unallocated corporate assets | – | – | – | 10,822,189 |
| Total assets | <u>374,940,914</u> | <u>342,267,751</u> | <u>298,988,883</u> | <u>1,027,019,737</u> |
| Segment liabilities | 64,769,694 | 54,495,699 | 124,071,167 | 243,336,560 |
| Unallocated liabilities | – | – | – | 309,248,327 |
| Total liabilities | – | – | – | <u>552,584,887</u> |
| Minority interests | – | 14,089,363 | 1,580,858 | 15,670,221 |

| As at 31st March 2007 | | | | |
|---------------------------------|--|---|---|----------------------------|
| | Property development & investment HK\$ (Audited) | Manufacturing & trading plastic packaging material HK\$ (Audited) | Stock broking & finance HK\$ (Audited) | Total HK\$ (Audited) |
| Segment assets | 301,764,962 | 330,736,501 | 438,888,660 | 1,071,390,123 |
| Interest in associates | 46,793,246 | 10,070,218 | – | 56,863,464 |
| Unallocated corporate assets | – | – | – | 8,546,989 |
| Total assets | <u>348,558,208</u> | <u>340,806,719</u> | <u>438,888,660</u> | <u>1,136,800,576</u> |
| Segment liabilities | 60,848,542 | 46,589,206 | 285,818,306 | 393,256,054 |
| Unallocated liabilities | – | – | – | 295,892,347 |
| Total liabilities | – | – | – | <u>689,148,401</u> |
| Minority interests | – | 14,036,273 | 1,531,647 | 15,567,920 |

2. Segment Information (Continued)

II) Geographical Segment

| | Six months ended 30th September 2007 | | As at 30th September 2007 |
|----------------|---|---|--|
| | Turnover HK\$ (Unaudited) | Capital Expenditure HK\$ (Unaudited) | Segment Assets HK\$ (Unaudited) |
| Hong Kong | 37,111,011 | 3,138,125 | 712,064,608 |
| Mainland China | 4,600,427 | 1,354,100 | 204,764,270 |
| North America | 41,579,617 | – | 16,358,084 |
| Europe | 20,345,083 | – | 6,112,601 |
| Australia | 21,677,750 | – | 7,117,024 |
| Asia | 71,989,940 | – | 10,476,669 |
| Other | 858,008 | – | 242,606 |
| | 198,161,836 | 4,492,225 | 957,135,862 |

| | Six months ended 30th September 2006 | | As at 31st March 2007 |
|----------------|---|---|--|
| | Turnover HK\$ (Unaudited) | Capital Expenditure HK\$ (Unaudited) | Segment Assets HK\$ (Audited) |
| Hong Kong | 18,301,028 | 129,396 | 807,507,436 |
| Mainland China | 4,356,728 | 3,781,021 | 229,921,243 |
| North America | 43,784,057 | – | 11,097,485 |
| Europe | 20,325,374 | – | 3,900,427 |
| Australia | 22,663,885 | – | 10,648,668 |
| Asia | 45,615,000 | – | 8,314,864 |
| Other | 346,133 | – | – |
| | 155,392,205 | 3,910,417 | 1,071,390,123 |

3. Turnover

| | Six months ended 30th September | |
|------------------------------------|--|-------------|
| | 2007 | 2006 |
| | HK\$ | HK\$ |
| | (Unaudited) | (Unaudited) |
| Sale of goods | 171,109,592 | 143,255,574 |
| Gross rental income | 6,451,129 | 5,430,016 |
| Brokerage commission | 18,837,062 | 6,222,661 |
| Gains on foreign exchange dealings | 273,125 | 207,983 |
| Dividend income | 1,490,928 | 275,971 |
| | <hr/> | <hr/> |
| | 198,161,836 | 155,392,205 |
| | <hr/> <hr/> | <hr/> <hr/> |

4. Other Revenues

| | Six months ended 30th September | |
|---|--|-------------|
| | 2007 | 2006 |
| | HK\$ | HK\$ |
| | (Unaudited) | (Unaudited) |
| Interest income | 6,118,527 | 3,568,907 |
| Other income | 1,698,723 | 775,198 |
| Consultancy & management fee | 140,400 | 140,400 |
| Realised holding loss on financial assets at fair value through income statement | - | (9,776) |
| Unrealised holding gain on financial assets at fair value through income statement | 1,637,801 | 670,243 |
| Unrealised holding loss on financial liabilities at fair value through income statement | (244,918) | - |
| Bad debts recovered | 11,300 | 50,688 |
| | <hr/> | <hr/> |
| | 9,361,833 | 5,195,660 |
| | <hr/> <hr/> | <hr/> <hr/> |

5. Profit from Operations

| | Six months ended 30th September | |
|--|--|-------------|
| | 2007 | 2006 |
| | HK\$ | HK\$ |
| | (Unaudited) | (Unaudited) |
| Profit from operations is arrived at after charging: | | |
| Cost of inventories sold | 131,477,532 | 99,184,795 |
| Exchange loss | – | 546,419 |
| Staff costs (including directors' remuneration) | 19,706,109 | 19,068,153 |
| Salaries, wages and allowance | 17,911,018 | 16,844,243 |
| Welfare | 1,334,021 | 1,289,512 |
| Defined contribution plans | 352,906 | 335,894 |
| Long service payment | 108,164 | 598,504 |
| Operating lease rental in respect of land and buildings | 866,214 | 688,197 |
| Depreciation & amortisation | 5,782,241 | 5,579,644 |
| and after crediting: | | |
| Net rental income | 6,320,380 | 5,318,785 |
| Gross rental income from investment properties | 6,451,129 | 5,430,016 |
| Less: outgoings | (130,749) | (111,231) |
| Exchange gain | 382,043 | – |

6. Finance Costs

| | Six months ended 30th September | |
|--|--|-------------|
| | 2007 | 2006 |
| | HK\$ | HK\$ |
| | (Unaudited) | (Unaudited) |
| Interest on: | | |
| Bank loans and overdrafts wholly repayable | | |
| within five years | 7,004,746 | 4,745,888 |
| over five years | 445,708 | 436,578 |
| Other borrowings | 814,816 | 597,078 |
| Bank charges | 404,939 | 482,507 |
| | 8,670,209 | 6,262,051 |

7. Taxation

| | Six months ended 30th September | |
|----------------------------------|--|-------------|
| | 2007 | 2006 |
| | HK\$ | HK\$ |
| | (Unaudited) | (Unaudited) |
| Company and subsidiaries | | |
| Hong Kong Profits tax | (2,441,755) | (1,207,650) |
| China profits tax | - | (200,000) |
| Deferred taxation in respect of: | | |
| tax losses | 17,173 | 1,057,390 |
| fair value changes on | | |
| investment properties | (3,710,000) | (1,438,500) |
| temporary differences | (190,964) | 14,209 |
| | (6,325,546) | (1,774,551) |

Hong Kong Profits tax has been provided at the rate of 17.5% (2006:17.5%) on the estimated assessable profits arising in Hong Kong for the period. Taxation on China profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the business operates.

8. Earnings per Share

The calculation of the earnings per share is based on the profit attributable to shareholders of HK\$26,528,206 (2006: HK\$14,744,205) and ordinary shares in issue of 197,653,500 shares.

9. Investment Properties

Investment properties were revalued at their open market values at 30th September, 2007. The revaluation was carried out by K.T. Liu Surveyors Limited, an independent valuer. As a result of the revaluation, a net gain of HK\$21,200,000 has been included in the consolidated income statement.

10. Property, Plant & Equipment

During the six months ended 30th September, 2007, the Group acquired items of property, plant & equipment with a cost of HK\$4,492,225 (2006: HK\$3,910,417) and disposed items of property, plant & equipment with a net book value of HK\$418,880 (2006: HK\$56,724).

11. 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 receivables was as follows:

| | 30th September 2007 HK\$ (Unaudited) | 31st March 2007 HK\$ (Audited) |
|-----------------|---|---|
| 0-1 month | 256,045,711 | 416,326,338 |
| 2-3 months | 13,725,005 | 13,010,359 |
| Over 3 months | 16,345,834 | 16,513,810 |
| | <hr/> | <hr/> |
| | 286,116,550 | 445,850,507 |
| Impairment loss | (2,862,824) | (2,862,824) |
| | <hr/> | <hr/> |
| | 283,253,726 | 442,987,683 |
| | <hr/> <hr/> | <hr/> <hr/> |

12. Trade and Other Payables

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

| | 30th September 2007 HK\$ (Unaudited) | 31st March 2007 HK\$ (Audited) |
|---------------|---|---|
| 0-1 month | 136,709,257 | 301,779,887 |
| 2-3 months | 21,103,107 | 3,934,136 |
| Over 3 months | 18,392,939 | 28,933,874 |
| | 176,205,303 | 334,647,897 |

13. Borrowings

| | 30th September 2007 HK\$ (Unaudited) | 31st March 2007 HK\$ (Audited) |
|--|---|---|
| Secured bank overdrafts | 3,047,346 | 5,041,760 |
| Secured bank loans | 285,630,421 | 263,855,508 |
| Unsecured bank loans | 20,570,560 | 26,995,079 |
| | 309,248,327 | 295,892,347 |
| Bank loans and overdrafts repayable: | | |
| Within one year | 262,973,486 | 247,667,460 |
| More than one year but not exceeding two years | 18,233,417 | 30,566,747 |
| More than two years but not exceeding five years | 23,541,424 | 12,158,140 |
| Over five years | 4,500,000 | 5,500,000 |
| | 309,248,327 | 295,892,347 |
| Portion due within one year included under current liabilities | (262,973,485) | (247,667,460) |
| Portion due after one year | 46,274,842 | 48,224,887 |

14. Share Capital

| | 30th September 2007 HK\$ (Unaudited) | 31st March 2007 HK\$ (Audited) |
|---|---|---|
| Authorized : 200,000,000 shares of HK\$1.00 each | <u>200,000,000</u> | <u>200,000,000</u> |
| Issued and fully paid: 197,653,500 shares of HK\$1.00 each | <u>197,653,500</u> | <u>197,653,500</u> |

15. Commitments

As at 30th September, 2007, the Group had commitments under non-cancellable operating leases in respect of land and buildings to make payment in the following periods as follows:

| | 30th September 2007 HK\$ (Unaudited) | 31st March 2007 HK\$ (Audited) |
|---------------------------------------|---|---|
| Within one year | 1,529,952 | 983,786 |
| In the second to fifth year inclusive | 3,332,964 | 2,803,125 |
| Over five years | 1,575,355 | 1,923,355 |
| | <u>6,438,271</u> | <u>5,710,266</u> |

16. Future Minimum Lease Payments Receivable

As at 30th September, 2007, the total future minimum lease payments receivable under non-cancellable operating leases are analysed as follows:

| | 30th September 2007 HK\$ (Unaudited) | 31st March 2007 HK\$ (Audited) |
|--|---|---|
| Within one year | 12,823,064 | 11,077,667 |
| More than one year but not exceeding five years | 6,043,556 | 8,946,258 |
| | <u>18,866,620</u> | <u>20,023,925</u> |

17. Capital Commitments

| | 30th September 2007 HK\$ (Unaudited) | 31st March 2007 HK\$ (Audited) |
|---|---|---|
| Contracted for but not provided in the financial statements in respect of factory plant expansion project and building re-development project | 12,850,000 | 13,558,000 |

18. Pledge of Assets

The Group had the following assets pledged to banks to secure general banking facilities granted to the Group.

| | 30th September 2007 HK\$ (Unaudited) | 31st March 2007 HK\$ (Audited) |
|--|---|---|
| Investment properties in Hong Kong at total carrying value | 212,519,496 | 196,523,793 |
| Hotel buildings & leasehold land in Hong Kong at total carrying value | 14,760,340 | 15,159,272 |
| Self-used properties & leasehold land in Hong Kong at total carrying value | 41,394,216 | 41,944,000 |
| Time deposits | 9,898,096 | 9,858,153 |
| Financial assets at fair value through income statement | 15,272,000 | 13,575,400 |
| | 293,844,148 | 277,060,618 |
| Margin clients' Hong Kong listed shares, at market value | 66,854,014 | 35,154,557 |

19 Related Parties Transactions

During the period, in addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following transactions with related parties at normal commercial terms:

| | Six months ended 30th September | |
|---|--|-------------|
| | 2007 | 2006 |
| | HK\$ | HK\$ |
| | (Unaudited) | (Unaudited) |
| i. Income received from associates of the Group | | |
| – consultancy and management fee | 140,400 | 140,400 |
| – interest income | 424,769 | 355,778 |
| – sale of finished goods | 5,171,778 | 2,419,710 |
| – sale of raw materials | 411,037 | 2,779,876 |
| – sharing of production overheads | 409,696 | 497,141 |
| ii. Payment to an associate of the Group | | |
| – purchase of raw materials & production materials | 61,475 | 90,672 |
| – commission | 123,506 | 13,099 |
| iii. Payment to a company in which the Chairman of the Group has controlling interest | | |
| – rental expenses | 348,000 | 300,000 |
| iv. Interest payment to related companies in which the Chairman of the Group has controlling interest | 525,120 | 552,243 |
| v. Remuneration of the other key management personnel was disclosed as follows: | | |
| Short-term employee benefits | 926,283 | 1,130,400 |
| MPF contribution | 24,990 | 28,990 |
| Long service payments | 70,685 | 387,436 |
| vi. Remuneration paid to close family members of key management personnel | 671,022 | 423,771 |

20. Contingent Liabilities

The Company had unsettled tax dispute regarding the deductibility of interest expenses incurred in the year of 2000/2001.

21. Comparative Figures

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

- 22.** The unaudited condensed consolidated interim financial statements for the six months ended 30th September 2007 have been reviewed by the Audit Committee of the Group.

INTERIM RESULTS

During this period, the Group's turnover was HK\$198,161,836 (2006: HK\$155,392,205). The Group's operating profit before finance costs, share of loss of associates and profits tax amounted to HK\$42,107,431 (2006: HK\$23,225,062). Profit attributable to Shareholders for the first half of the year amounted to HK\$26,528,206 (2006: HK\$14,744,205).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Property Investment and Development

The Group's leasing properties, namely, the shops on the Ground Floor of Dragon House, the office unit at Silvercord, Tsimshatsui, Nan Sing Industrial Building in Kwai Chung, the office/warehouse units at Kwai Tak Industrial Centre, Kwai Chung and Office Unit at Chao Shan Building in Shenzhen were wholly leased during the period and the rental income contributed by this business remained steady. The overall rental income during the period was 6.45 million, representing an increase of 18.8% from the same period last year.

Hotel

The hotel licence for Hotel Benito having been erected in the site of Dragon House, Tsimshatsui had been issued. Soft opening of the hotel had been carried out in mid November, 2007. During the soft opening period, the customers' response had been particularly pleasing and the occupancy rate was satisfactory. It is expected to become fully operated within December, 2007. Hotel Benito, having been converted from Dragon House, gives us a fresh outlook. It is located in the shopping centre of Tsimshatsui which is easily accessible by all forms of public transport. It has over 70 guest rooms of simple and cosy design and can provide the travellers with a high quality living environment. The hotel now has about 20 staff.

Manufacturing and Distribution of Plastic Packaging Materials

During the period, this business recorded an operating profit before finance costs, share of loss of associates and profits tax of HK\$4.1 million (2006: HK\$12.53 million). Turnover amounted to HK\$171.1 million (2006: HK\$143.26 million), representing an increase of 19.4% from the same period last year.

The business was suffering from persistent high resin prices during the period. Moreover, the production costs in this business continuously increased because of the unfavourable influences brought by renminbi appreciation, inflation in mainland China, increase in raw materials price and decrease in export tax rebate. As a result, although our various cost control measures had gradually achieved effects, the gross profit of this business during the period still decreased 7.6% from the same period last year.

With the steady production volume and good quality products, the results of the joint venture company formed with our Japanese partner remained steady during the period. Regarding the business with the associate company formed with our USA partner, owing to the decreasing difference in resin price in North America and Asian countries, the results of this business will still need to be improved.

Stock Broking and Finance

During the period, the stock broking and finance business recorded an operating profit before finance costs and profits tax of HK\$17.88 million (2006: HK\$4.24 million), increasing by 4.22 times over the same period last year. The said operating profit included unrealized holding gain on investments of HK\$1.64 million (2006: HK\$0.67 million).

During the period, the local economy had been kept on an upward track. The interest rate decreased and property market remained favourable. Besides, the market turnover, Hang Seng Index and China Enterprises Index had continued to witness new highs. Brokerage income experienced a significant growth during the period. This was attributable mainly to the general market strength, the inflow of funds aheads of the commencement of QDII investments and the income generated from IPO activities and higher interest income received from margin financing business.

Capital Structure

As 30th September, 2007, the Group's Shareholders' funds amounted to HK\$458.76 million (31/3/2007: HK\$432.08 million). The Group's consolidated net assets per share as at 30th September, 2007 was HK\$2.32.

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.

At 30th September, 2007, the Group's bank borrowings increased from HK\$295.89 million of the last year end date to HK\$309.25 million of this year, in which the short term borrowings amounted to HK\$262.97 million (31/3/2007: HK\$247.67 million) and long term borrowings amounted to HK\$46.27 million (31/3/2007: HK\$48.22 million). The Group's current year net debt to equity ratio was 65.5%(31/3/2007: 66.9%), calculated on the basis of the Group's net borrowings (after cash and bank balances) over shareholders' fund. The increase in bank borrowings was attributable mainly to the substantial increase in short term borrowings caused by the fact that clients of our stock brokerage business had applied IPO loan through us to subscribe for the IPO shares of big enterprises which had been listed in Hong Kong successively during the period.

To minimize exposure on foreign exchange fluctuations, the Group's borrowings are primarily denominated in Hong Kong dollars and United States dollars. Foreign currency risk exposure on other foreign currencies is normally covered by forward exchange contracts. The Group has no significant exposure to foreign exchange rate fluctuations.

Pledge of assets

Details of the Group's pledge of assets are set out in note 18 to the financial statements on page 18.

Contingent Liabilities

Details of the Group's contingent liabilities are set out in note 20 to the financial statements on page 20.

Employees

The Group had about 840 employees as at 30th September, 2007. Employees are remunerated according to nature of the job and market trend.

OUTLOOK

Hong Kong's economy remains favourable. Real GDP grows solidly and much of this growth is attributed to an expansion in external exports and domestic demand. Consumer and investment confidence continues to be the major contributor to growth, primarily boosted by declining unemployment rate, rising income and booming tourism sector. Given such good operating environment, the hotel has got desirable customers' response and the preliminary results have been promising. The Group expects that the hotel business will have satisfactory performance when it becomes fully operated in the second half of the year.

Increased concerns on the US subprime mortgage markets and the liquidity squeeze that followed affected the global market. The unwinding of the Japanese Yen carry trade also contributed to the increased volatility. After the major central banks reacted by injecting liquid funds into the financial system, the investors' confidence has gradually recovered. However, owing to the impact of the US subprime mortgage crisis has not been fully reflected, the market is likely to remain volatile in the short run. Fortunately, with the benefit arising from booming economy in China and robust Hong Kong stock market, the Group expects that our stock brokerage business can continuously to have good results in the second half of the year as the interest income from margin financing increases substantially in an actively traded market brought by the successive listings of big China enterprises.

The rising resin price, renminbi appreciation, inflation in mainland China associated with the anti-dumping tariff imposed by European Union and the decrease in export tax rebate have all adversely affecting the Group's business in manufacturing and distribution of plastic packaging materials. The operation of this business remains difficult. The Group will on the one hand use its best endeavour to look for new sales networks, in particular, the China market and exploit new products. On the other hand, we will continue to control production costs and increase production efficiency with an aim to increase gross profit.

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 (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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. The deviation is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a chief executive officer. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals and independent non-executive directors.

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.

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

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30th September, 2007, Directors of the Company had the following beneficial interests, all being long positions, in the share capital of the Company, the subsidiaries and associate companies of the Company:

| | Number of shares held | | | % of the Issued Share Capital |
|---|-----------------------|---------------------|------------------------|-------------------------------------|
| | Personal Interests | Family Interests | Corporate Interests | |
| (a) The Company (Ordinary shares of HK\$1.00 each) | | | | |
| Chua Nai Tuen | 2,475 | – | 76,493,495 (Note) | 38.70 |
| Chua Nai King | 22,314,643 | – | 2,558,514 (Note) | 12.58 |
| Se Ying Kin | 54,903 | 5,655,085 | – | 2.89 |
| Siy Yap | 990,018 | 847,000 | – | 0.93 |
| Jimmy Siy Tiong | 6,390,796 | – | – | 3.23 |
| Luis Chua | 8,696,754 | – | – | 4.40 |
| Rene Siy Chua | 8,696,754 | 2,000 | – | 4.40 |
| Tsai Han Yung | 6,512,754 | – | – | 3.30 |
| (b) Nan Sing Plastics Limited (Ordinary shares of HK\$100.00 each) | | | | |
| Chua Nai Tuen | – | 6,965 | – | 4.64 |
| (c) Titan Dragon Properties Corporation (Capital stock of Philippines Peso 1,000.00 each) | | | | |
| Chua Nai Tuen | 4,000 | 13,600 | 4,000 (Note) | 27.00 |
| Rene Siy Chua | 3,200 | – | – | 4.00 |

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 Part XV of the Securities and Futures Ordinance (the "SFO") to be able to exercise) or control the exercise of one-third or more of the voting power.

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange pursuant to the SFO or the Model Code:

- (a) there were no interests, both long and short positions, held as at 30th September, 2007 by any of the Directors or Chief Executive of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), and
- (b) there existed during the financial period no rights to subscribe for shares, underlying shares and debentures of the Company which were held by any of the Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial period of any such rights by any of them.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties, other than persons who are Directors of the Company, which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at 30th September, 2007 as recorded in the register kept by the Company under section 336 of the SFO:

| | No. of Ordinary Shares held | % of the Issued Share Capital |
|---|--|--|
| J & N International Limited ("J & N") | 48,306,189 | 24.44 |
| Sonliet Investment Company Limited ("Sonliet") | 28,187,306 | 14.26 |
| HSBC International Trustee Limited ("HSBC") | 15,373,050 | 7.77 |

For the avoidance of doubts and double counting, it should be noted that J & N's and Sonliet's interests are entirely duplicated with Mr. Chua Nai Tuen's interests and HSBC's interests are entirely duplicated with Mr. Chua Nai King's interests as recorded in the preceding note.

All the interests stated above represented long positions and as at 30th September, 2007, there were no short positions recorded in the said register.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the period under review.

By Order of the Board

CHUA NAI TUEN

Chairman & Managing Director

Hong Kong, 14th December, 2007

As at the date of this interim report, the board of directors of the Company comprises: (1) Executive directors: Mr. Chua Nai Tuen (Chairman & Managing Director), Mr. Chua Nai King (Deputy Chairman) and Mr. Se Ying Kin; (2) Non-executive directors: Mr. Siy Yap, Mr. Jimmy Siy Tiong, Mr. Luis Chua, Mr. Rene Siy Chua, Mr. Tsai Han Yung and Mr. Chan Man Hon, Eric; and (3) Independent non-executive directors: Mr. Chan Siu Ting, Mr. James L. Kwok and Mr. Wong Shek Keung.