



SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Stock Code : 252



INTERIM REPORT 08/09

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Chua Nai Tuen
(*Chairman & Managing Director*)
Mr. Chua Nai King
(*Deputy Chairman*)
Mr. Gilson Chua

Non-Executive Directors

Mr. Chan Man Hon, Eric
Mr. Luis Chua
Mr. Nelson Junior Chua
Mr. Rene Siy Chua
Miss Vivian Chua
Mr. Se Ying Kin
Mr. Jimmy Siy Tiong
Mr. Siy Yap Samuel
(*Appointed on 30th September, 2008*)
Mr. Siy Yap
(*Resigned on 30th September, 2008*)
Mr. Tsai Han Yung

Independent Non-Executive Directors

Mr. Chan Siu Ting
Mr. James L. Kwok
Mr. Wong Shek Keung

Audit Committee

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

Remuneration Committee

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

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

Ms. Li Wai Man

Company Secretary

Ms. Woo Siu Ping, Dilys
(*Resigned on 1st August, 2008*)
Mr. Chong Pang To
(*Appointed on 1st August, 2008*)

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, 2008 together with the comparative figures for the corresponding period of last year as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30th September	
	Notes	2008 HK\$ (Unaudited)	2007 HK\$ (Unaudited)
TURNOVER	3	198,935,566	198,161,836
COST OF SALES		(157,614,021)	(155,029,867)
GROSS PROFIT		41,321,545	43,131,969
OTHER REVENUES	4	3,983,898	9,606,751
FAIR VALUE CHANGES ON INVESTMENT PROPERTIES		18,417,000	21,200,000
DISTRIBUTION EXPENSES		(5,944,425)	(8,030,479)
ADMINISTRATIVE EXPENSES		(23,513,712)	(23,832,838)
OTHER OPERATING REVENUE		1,008,965	32,028
PROFIT FROM OPERATIONS	5	35,273,271	42,107,431
FINANCE COSTS	6	(4,561,442)	(8,670,209)
SHARE OF PROFIT (LOSSES) OF ASSOCIATES		2,717,914	(498,324)
PROFIT BEFORE TAXATION		33,429,743	32,938,898
TAXATION	7	(5,166,663)	(6,325,546)
PROFIT FOR THE PERIOD		28,263,080	26,613,352
PROFIT ATTRIBUTABLE TO: SHAREHOLDERS OF THE COMPANY		27,961,338	26,528,206
MINORITY INTERESTS		301,742	85,146
		28,263,080	26,613,352
EARNINGS PER SHARE	8	14.1 cents	13.4 cents

CONDENSED CONSOLIDATED BALANCE SHEET

		30th September	31st March
		2008	2008
	Notes	HK\$	HK\$
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
INVESTMENT PROPERTIES	9	314,731,744	296,314,744
PROPERTY, PLANT & EQUIPMENT	10	187,498,663	193,659,841
LEASEHOLD LAND AND LAND USE RIGHTS		44,539,381	44,678,134
INTERESTS IN ASSOCIATES		66,529,394	70,612,548
AVAILABLE-FOR-SALE FINANCIAL ASSETS		29,176,646	22,909,711
INTANGIBLE ASSETS		3,702,706	3,702,706
OTHER ASSETS		1,200,000	1,200,000
		647,378,534	633,077,684
CURRENT ASSETS			
INVENTORIES		84,458,818	81,535,208
TRADING PROPERTIES		440,765	440,765
TRADE AND OTHER RECEIVABLES	11	532,224,722	898,096,929
FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT	12	9,621,116	14,189,024
DEPOSITS AND PREPAYMENTS		3,919,863	1,989,233
TAX PREPAID		663,853	526,209
TIME DEPOSITS		41,881,692	780,000
PLEDGED TIME DEPOSITS		7,100,000	7,100,000
TRUST ACCOUNTS OF SHARES DEALING CLIENTS		72,693,953	97,849,674
CASH AND BANK BALANCES		9,631,828	13,316,746
		762,636,610	1,115,823,788

CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

	Notes	30th September 2008 HK\$ (Unaudited)	31st March 2008 HK\$ (Audited)
CURRENT LIABILITIES			
TRADE AND OTHER PAYABLES	13	568,739,635	937,161,386
AMOUNTS DUE TO RELATED COMPANY		12,750,090	12,776,240
BANK LOANS AND OVERDRAFTS	14	200,849,576	183,809,849
AMOUNT DUE TO ASSOCIATES		1,161,634	451,046
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH INCOME STATEMENT	15	568,877	4,427,756
TAXATION		4,591,101	2,857,378
		788,660,913	1,141,483,655
NET CURRENT LIABILITIES			
		(26,024,303)	(25,659,867)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		621,354,231	607,417,817
NON-CURRENT LIABILITIES			
LONG TERM BORROWINGS	14	49,041,424	59,824,800
DEFERRED TAXATION		32,303,518	28,911,855
		81,344,942	88,736,655
NET ASSETS			
		540,009,289	518,681,162
EQUITY			
SHARE CAPITAL	16	197,653,500	197,653,500
RESERVES		328,067,811	300,111,608
PROPOSED DIVIDENDS		-	6,917,873
SHAREHOLDERS' FUNDS			
		525,721,311	504,682,981
MINORITY INTERESTS			
		14,287,978	13,998,181
TOTAL EQUITY			
		540,009,289	518,681,162

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2008

							AVAILABLE- FOR-SALE SECURITIES	TOTAL
	SHARE CAPITAL	REVALUATION RESERVE	EXCHANGE RESERVE	RETAINED PROFITS	PROPOSED DIVIDENDS	MINORITY INTERESTS	REVALUATION RESERVE	
	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)	
BALANCE AT 31ST MARCH, 2008	197,653,500	2,555,496	39,094,369	258,504,989	6,917,873	13,998,181	(43,246)	518,681,162
EXCHANGE DIFFERENCE ARISING FROM CONSOLIDATION	-	-	822,103	-	-	(11,945)	-	810,158
CHANGE IN FAIR VALUE	-	-	-	-	-	-	(827,238)	(827,238)
PROFIT FOR THE PERIOD	-	-	-	27,961,338	-	301,742	-	28,263,080
2008 FINAL DIVIDENDS PAYMENT	-	-	-	-	(6,917,873)	-	-	(6,917,873)
BALANCE AT 30TH SEPTEMBER, 2008	<u>197,653,500</u>	<u>2,555,496</u>	<u>39,916,472</u>	<u>286,466,327</u>	<u>-</u>	<u>14,287,978</u>	<u>(870,484)</u>	<u>540,009,289</u>
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>-</u>	<u>474,434,850</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30th September	
	2008 HK\$ (Unaudited)	2007 HK\$ (Unaudited)
Net cash (outflow) from operating activities	(4,907,344)	(5,451,764)
Net cash outflow from investing activities	(5,946,676)	(5,965,262)
Net cash inflow from financing activities	6,419,906	15,173,203
(Decrease) Increase in cash and cash equivalents	(4,434,114)	3,756,177
Cash and cash equivalents at 1st April	9,083,719	1,831,414
Effect of foreign exchange rate changes	644,807	(14,725)
Cash and cash equivalents at 30th September	5,294,412	5,572,866
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	9,631,828	8,620,212
Bank overdrafts	(4,337,416)	(3,047,346)
	5,294,412	5,572,866

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 31st March, 2008.

The Hong Kong Institute of Certified Public Accountants has issued certain interpretations to existing standards (the “New Standards”), which are effective for accounting periods beginning on or after 1st January, 2008.

HK (IFRIC) – Int 12	Service Concession Arrangements
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group has assessed the impact of these New Standards and concluded that the adoption of these New Standards in the current period did not have any material impact on the accounting policies of the Group and the methods of the computation in the Group’s condensed interim financial statements.

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, amendments or interpretations will have no material impact on the results and the financial positions of the Group.

1. Basis of preparation and accounting policies *(Continued)*

HKAS 1 (Revised)	Presentation of financial statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Share-based Payment Vesting conditions and cancellation ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK (IFRIC) – Int 13	Customer Loyalty Programmes ³
HK (IFRIC) – Int 15	Agreements for the construction of real estate ¹
HK (IFRIC) – Int 16	Hedges of a net investment in a foreign operation ⁴

¹ Effective for annual periods beginning on or after 1st January, 2009

² Effective for annual periods beginning on or after 1st July, 2009

³ Effective for annual periods beginning on or after 1st July, 2008

⁴ Effective for annual periods beginning on or after 1st October, 2008

2. Segment Information

l) *Primary reporting format – business segments*

	Six months ended 30th September 2008				
	Manufacturing				
	Property development & investment/ hotel HK\$ (Unaudited)	& trading plastic packaging material HK\$ (Unaudited)	Stock broking & finance HK\$ (Unaudited)	Elimination HK\$ (Unaudited)	Total HK\$ (Unaudited)
Turnover					
External sales	13,942,252	167,569,132	17,424,182	-	198,935,566
Inter-segment sales	2,442,597	-	-	(2,442,597)	-
Total revenue	<u>16,384,849</u>	<u>167,569,132</u>	<u>17,424,182</u>	<u>(2,442,597)</u>	<u>198,935,566</u>
Operation result	7,458,155	1,259,755	8,138,361		16,856,271
Fair value changes on investment properties	<u>18,417,000</u>	-	-		<u>18,417,000</u>
Segment results	<u>25,875,155</u>	<u>1,259,755</u>	<u>8,138,361</u>		<u>35,273,271</u>
Finance costs	-	-	-		(4,561,442)
Share of profit (loss) of associates	2,799,894	(81,980)	-		<u>2,717,914</u>
Profit before taxation					<u>33,429,743</u>
Taxation	(3,735,031)	68,368	(1,500,000)		<u>(5,166,663)</u>
Profit for the period					<u>28,263,080</u>
Depreciation & amortisation	1,929,334	4,782,077	214,028		6,925,439
Capital expenditure	471,004	2,323,200	171,386		2,965,590

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

2. Segment Information (Continued)

l) Primary reporting format – business segments (Continued)

	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	908,260	2,740,575	17,258,596		20,907,431
Fair value changes on investment properties	21,200,000	–	–		21,200,000
Segment results	<u>22,108,260</u>	<u>2,740,575</u>	<u>17,258,596</u>		42,107,431
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)*

l) Primary reporting format – business segments (Continued)

	As at 30th September 2008			
	Property development & investment/ hotel HK\$ (Unaudited)	Manufacturing & trading plastic packaging material HK\$ (Unaudited)	Stock broking & finance HK\$ (Unaudited)	Total HK\$ (Unaudited)
Segment assets	332,572,228	375,877,046	605,859,830	1,314,309,104
Interest in associates	55,453,064	11,076,330	–	66,529,394
Unallocated corporate assets	–	–	–	29,176,646
	388,025,292	386,953,376	605,859,830	1,410,015,144
Total assets				
Segment liabilities	51,582,549	47,360,174	521,172,132	620,114,855
Unallocated liabilities				249,891,000
				870,005,855
Total liabilities				
Minority interests	338,431	13,720,015	229,532	14,287,978
	338,431	13,720,015	229,532	14,287,978

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

2. Segment Information (Continued)

l) Primary reporting format – business segments (Continued)

	As at 31st March 2008			
	Property development & investment/ hotel HK\$ (Audited)	Manufacturing & trading plastic packaging material HK\$ (Audited)	Stock broking & finance HK\$ (Audited)	Total HK\$ (Audited)
Segment assets	320,614,556	377,948,160	956,816,497	1,655,379,213
Interest in associates	58,232,708	12,379,840	–	70,612,548
Unallocated corporate assets	–	–	–	22,909,711
Total assets	378,847,264	390,328,000	956,816,497	1,748,901,472
Segment liabilities	48,413,781	63,481,840	874,690,040	986,585,661
Unallocated liabilities				243,634,649
Total liabilities				1,230,220,310
Minority interests	293,786	13,474,863	229,532	13,998,181

2. Segment Information (Continued)

II) *Geographical Segment*

	Six months ended		As at 30th
	30th September 2008		September 2008
	Turnover	Capital	Segment
	HK\$	Expenditure	Assets
	(Unaudited)	HK\$	HK\$
		(Unaudited)	(Unaudited)
Hong Kong	44,841,375	642,390	1,020,722,811
Mainland China	13,391,435	2,323,200	263,635,116
North America	29,926,514	–	12,329,328
Europe	23,359,767	–	3,772,025
Australia	20,333,032	–	5,300,311
Asia	66,367,270	–	8,549,513
Other	716,173	–	–
	198,935,566	2,965,590	1,314,309,104

	Six months ended		As at 31st
	30th September 2007		March 2008
	Turnover	Capital	Segment
	HK\$	Expenditure	Assets
	(Unaudited)	HK\$	HK\$
		(Unaudited)	(Audited)
Hong Kong	37,111,011	3,138,125	1,334,034,699
Mainland China	4,600,427	1,354,100	288,646,602
North America	41,579,617	–	10,681,194
Europe	20,345,083	–	6,010,311
Australia	21,677,750	–	6,620,336
Asia	71,989,940	–	9,386,071
Other	858,008	–	–
	198,161,836	4,492,225	1,655,379,213

3. Turnover

	Six months ended 30th September	
	2008	2007
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Sale of goods	167,537,822	171,109,592
Gross rental income	7,780,477	6,451,129
Brokerage commission	16,676,059	18,837,062
Hotel income	6,161,775	–
Gains on foreign exchange dealings	–	273,125
Dividend income	779,433	1,490,928
	<hr/> 198,935,566 <hr/>	<hr/> 198,161,836 <hr/>

4. Other Revenues

	Six months ended 30th September	
	2008	2007
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Interest income	3,203,894	6,118,527
Other income	1,882,899	1,698,723
Consultancy & management fee	140,400	140,400
Unrealised holding (loss) profit on financial assets at fair value through income statement	(1,685,655)	1,637,801
Realised gain on financial assets	442,360	–
Bad debts recovered	–	11,300
	<hr/> 3,983,898 <hr/>	<hr/> 9,606,751 <hr/>

5. Profit from Operations

	Six months ended 30th September	
	2008	2007
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Profit from operations is arrived at after charging:		
Cost of inventories sold	131,509,188	131,477,532
Exchange loss	985,906	–
Staff costs (including directors' remuneration)	20,432,019	19,706,109
Salaries, wages and allowance	18,564,048	17,911,018
Welfare	1,287,624	1,334,021
Defined contribution plans	365,333	352,906
Long service payment	215,014	108,164
Operating lease rental in respect of land and buildings	951,418	866,214
Depreciation & amortisation	6,925,438	5,782,241
and after crediting :		
Gain (loss) on disposal of property, plant & equipment	1,078,081	(241,851)
Change in fair value of forward exchange contracts	1,131,804	(244,918)
Exchange gain	–	382,043
Net rental income	7,556,007	6,320,380
Gross rental income from investment properties	7,780,477	6,451,129
Less: outgoings	(224,470)	(130,749)

6. Finance Costs

	Six months ended 30th September	
	2008	2007
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Interest on:		
Bank loans and overdrafts wholly repayable		
within five years	3,615,893	7,004,746
over five years	172,200	445,708
Other borrowings	330,704	814,816
Bank charges	442,645	404,939
	<hr/>	<hr/>
	4,561,442	8,670,209
	<hr/> <hr/>	<hr/> <hr/>

7. Taxation

	Six months ended 30th September	
	2008	2007
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Company and subsidiaries		
Hong Kong Profits tax	(1,660,000)	(2,441,755)
China profits tax	(115,000)	–
Deferred taxation in respect of:		
tax losses	26,815	17,173
fair value changes on		
investment properties	(3,038,805)	(3,710,000)
temporary differences	(379,673)	(190,964)
	<hr/>	<hr/>
	(5,166,663)	(6,325,546)
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits tax has been provided at the rate of 16.5% (2007: 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\$27,961,338 (2007: HK\$26,528,206) 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, 2008. 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\$18,417,000 has been included in the consolidated income statement.

10. Property, Plant & Equipment

During the six months ended 30th September, 2008, the Group acquired items of property, plant & equipment with a cost of HK\$2,965,590 (2007: HK\$4,492,225) and disposed items of property, plant & equipment with a net book value of HK\$469,523 (2007: HK\$418,880).

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 2008 HK\$ (Unaudited)	31st March 2008 HK\$ (Audited)
0-1 month	501,786,278	869,220,597
2-3 months	9,848,810	6,086,748
Over 3 months	26,484,121	28,841,842
	538,119,209	904,149,187
Impairment loss	(5,894,487)	(6,052,258)
	532,224,722	898,096,929

12. Financial Assets at Fair Value through Income Statement

	30th September 2008 HK\$ (Unaudited)	31st March 2008 HK\$ (Audited)
Trading Securities	8,171,118	11,260,917
Forward exchange contracts	1,449,998	2,928,107
	9,621,116	14,189,024

13. Trade and Other Payables

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

	30th September 2008 HK\$ (Unaudited)	31st March 2008 HK\$ (Audited)
0-1 month	540,232,323	912,241,119
2-3 months	9,185,490	2,874,817
Over 3 months	19,321,822	22,045,450
	568,739,635	937,161,386

14. Borrowings

	30th September 2008 HK\$ (Unaudited)	31st March 2008 HK\$ (Audited)
Secured bank overdrafts	4,337,416	4,233,027
Secured bank loans	228,740,255	225,848,697
Unsecured bank loans	16,813,329	13,552,925
	249,891,000	243,634,649
Bank loans and overdrafts repayable:		
Within one year	200,849,576	183,809,849
More than one year but not exceeding two years	17,500,084	26,033,417
More than two years but not exceeding five years	29,041,340	30,291,383
Over five years	2,500,000	3,500,000
	249,891,000	243,634,649
Portion due within one year included under current liabilities	(200,849,576)	(183,809,849)
Portion due after one year	49,041,424	59,824,800

15. Financial Liabilities at Fair Value Through Income Statement

	30th September 2008 HK\$ (Unaudited)	31st March 2008 HK\$ (Audited)
Equity accumulators	477,303	1,881,448
Forward exchange contracts	91,574	2,546,308
	568,877	4,427,756

16. Share Capital

	30th September 2008 HK\$ (Unaudited)	31st March 2008 HK\$ (Audited)
Authorized : 200,000,000 shares of HK\$1.00 each	200,000,000	200,000,000
Issued and fully paid: 197,653,500 shares of HK\$1.00 each	197,653,500	197,653,500

17. Commitments

As at 30th September, 2008, 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 2008 HK\$ (Unaudited)	31st March 2008 HK\$ (Audited)
Within one year	1,355,124	1,440,702
In the second to fifth year inclusive	2,784,000	2,966,988
Over five years	879,355	1,227,355
	5,018,479	5,635,045

18. Future Minimum Lease Payments Receivable

As at 30th September, 2008, the total future minimum lease payments receivable under non-cancellable operating leases are analysed as follows:

	30th September 2008 HK\$ (Unaudited)	31st March 2008 HK\$ (Audited)
Within one year	15,456,941	9,491,565
More than one year but not exceeding five years	20,527,789	7,356,845
	35,984,730	16,848,410

19. Capital Commitments

	30th September 2008 HK\$ (Unaudited)	31st March 2008 HK\$ (Audited)
Under negotiation and not yet provided in the financial statements in respect of purchase of shares agreement	4,875,000	–

20. Pledge of Assets

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

	30th September 2008 HK\$ (Unaudited)	31st March 2008 HK\$ (Audited)
Investment properties in Hong Kong at total carrying value	223,820,903	215,408,200
Hotel buildings & leasehold land in Hong Kong at total carrying value	35,582,517	35,981,449
Self-used properties & leasehold land in Hong Kong at total carrying value	40,294,244	40,844,000
Time deposits	7,100,000	7,100,000
Financial assets at fair value through income statement	8,095,980	6,650,500
Available-for-sale financial assets	8,867,040	–
	323,760,684	305,984,149

21. 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	
	2008	2007
	HK\$	HK\$
	(Unaudited)	(Unaudited)
i. Income received from associates of the Group		
– consultancy and management fee	140,400	140,400
– interest income	562,392	424,769
– sale of finished goods	844,945	5,171,778
– sale of raw materials	–	411,037
– sharing of production overheads	63,255	409,696
ii. Payment to an associate of the Group		
– purchase of raw materials & production materials	94,078	61,475
– commission	–	123,506
iii. Payment to a company in which the Chairman of the Group has controlling interest		
– rental expenses	348,000	348,000
iv. Interest payment to related companies in which the Chairman of the Group has controlling interest	253,750	525,120
v. Remuneration of the other key management personnel was disclosed as follows:		
Short-term employee benefits	582,950	926,283
MPF contribution	12,300	24,990
Long service payments	–	70,683
vi. Remuneration paid to close family members of key management personnel	695,087	671,022

22. Contingent Liabilities

During the period, the constructor for the hotel renovation works claimed against SAP Realty Company Limited ("SAR"), a wholly owned subsidiary of the Group and Southeast Asia Properties & Finance Limited ("SAP") for unpaid amounts of approximately HK\$4,922,115 and HK\$87,000 respectively. However, SAR and SAP have made a counter claim to that constructor for the amount overpaid to him of about HK\$5,459,314, having taken into account the cost and the expenses incurred by SAR and SAP to rectify the defect in the works and the loss and damage caused by the constructor's failure to complete the works on time. Up to the date of this report, the outcome of the proceedings is still uncertain. As the directors considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liabilities, if any, will not have a material adverse impact on the Group's financial position, no provision was made as of 30 September, 2008.

23. Comparative Figures

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

- 24.** The unaudited condensed consolidated interim financial statements for the six months ended 30th September, 2008 have been reviewed by the Audit Committee of the Group.

INTERIM RESULTS

During this period, the Group's turnover was HK\$198.9 million (2007: HK\$198.2 million). The Group's operating profit before finance costs, share of loss of associates and profits tax amounted to HK\$35.3 million (2007: HK\$42.1 million). Profit attributable to Shareholders for the first half of the year amounted to HK\$27.9 million (2007: HK\$26.5 million).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2008 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Property Investment and Development

The Group's investment properties, namely, the shops on the Ground Floor of Hotel Benito, the office unit in Silvercord at Tsimshatsui, the residential property at Essex Road, Kowloon Tong, the whole block of Nan Sing Industrial Building and the office/warehouse units in Kwai Tak Industrial Centre at Kwai Chung, together with the office units in Chao Shan Building at Shenzhen were wholly leased during the period and the rental income contributed by this business remained steady. During the period, the rental income amounted to HK\$7.8 million, representing an increase of 20.6% from the same period last year. The Group recorded an increase in the fair value of investment properties of HK\$18.4 million during the period (2007: HK\$21.2 million).

Hotel

Hotel Benito is located in the heart of the tourist and shopping areas of Tsim Sha Tsui in Hong Kong. The hotel attracts both leisure and business travellers due to its convenient location. Guests to the hotel are primarily from Asia including the Mainland China and Japan. During the period, the income from the hotel amounted to HK\$6.2 million. Comparing to its initial start up period of last year, the increase in income mainly attributed to the growth in both average Occupancy Rate and room rates.

Manufacturing and Distribution of Plastic Packaging Materials

During the period, resin prices had leapt to record highest due to the shortage of supply. This caused the demand to drop as the market generally believed that the persistent high resin prices are unsustainable in the long run and therefore hold up the orders and minimize their inventory. Moreover, the production costs continuously increased because of the decrease in VAT rebate on export products rate, the Reminbi appreciation, the implementation of new labour contract laws, the shortage of labour, increase in raw material prices and inflation in the Mainland China.

As a result, the business recorded an operating profit before finance costs, share of loss of associates and profits tax of HK\$1.3 million (2007: HK\$2.7 million). Turnover amounted to HK\$167.6 million (2007: HK\$171.1 million), representing a decrease of 2.1% from the same period last year.

Stock Broking and Finance

During the period, because the American sub-prime mortgage problem has erupted into a global financial crisis, which has affected the economic activities of Hong Kong and causes a slowdown in the property market and a contraction turnover in Hong Kong stock market. The Hang Seng Index has hit a lowest closing point for 2008 of 11,016 on 27th October, 2008 and the number of Initial Public Offerings (IPOs) decreased, together with the very fierce competition in the industry, resulting declines in brokerage commission from stock broking and interest income from margin clients, and affecting overall revenue drops in this business during the period.

During the period, the stock broking and finance business recorded an operating profit before finance costs and profits tax of HK\$8.1 million (2007: HK\$17.3 million), decreased by 52.8% from the same period last year; due to the fact that the turnover volume of Hong Kong stock market decreased continuously, which has affected the brokerage commission and the net interest earned from the margin clients respectively, amounted to HK\$16.7 million and HK\$2.4 million, decreased by 11.5% and 35.1% from the same period of last year. Moreover, the said operating profit included unrealized holding loss on investments of HK\$1.7 million compared to the unrealized holding gain of HK\$1.6 million from the same period last year.

Liquidity and Financial Resources

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

As at 30th September, 2008, the Group's bank borrowings increased from HK\$243.6 million of the last year-end date to HK\$249.9 million of this period, in which the short-term borrowings amounted to HK\$200.9 million (31st March, 2008: HK\$183.8 million) and long-term borrowings amounted to HK\$49.0 million (31st March, 2008: HK\$59.8 million). The Group's current period net debt to equity ratio was 37.7% (31st March, 2008: 45.5%), calculated on the basis of the Group's net borrowings (less cash and bank balances and time deposits) over the Group's Shareholders' funds.

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.

Capital Structure

As at 30th September, 2008, the Group's Shareholders' funds amounted to HK\$525.7 million (31st March, 2008: HK\$504.7 million). The Group's consolidated net assets per share as at 30th September, 2008 was HK\$2.66.

Pledge of assets

Details of the Group's pledge of assets are set out in note 20 to the financial statements on page 21.

Contingent Liabilities

Details of the Group's contingent liabilities are set out in note 22 to the financial statements on page 23.

Employees

The Group had about 840 employees as at 30th September, 2008. Employees are remunerated according to nature of the job and market trend.

OUTLOOK

The outlook of the global economy is uncertain, economic growth in the Mainland China and Hong Kong is expected to sustain at a slower pace. Though faced with such great challenges, the Group persisted in carrying through internal consolidation and cost control and adjusted our development strategy in response to the changing market environment. The ultimate goal is to strengthen our financial position and to create more favourable conditions to enable us to grasp future development opportunities as they arise.

Property Investment and Development

Rental income from the Group's investment properties is secured by the permanent tenancy agreements entered with tenants, but any increase in the fair value of investment properties depends on the property market status at the end of the year.

Hotel

It is expected that the hotel business will be a stable backbone of the Group's revenue base.

Manufacturing and Distribution of Plastic Packaging Materials

A global economy downturn and an overall decrease in overseas demand have all adversely affecting the Group's business in manufacturing and distribution of plastic packaging materials.

However, the PRC Government has explicitly indicated that it would relax fiscal and administrative policies to stimulate domestic demand in order to maintain a GDP growth and stable economy. A massive 4 trillion-yuan stimulus plan has been unveiled to boost domestic demand and bolster economic growth. Thus, the Group has been gradually strengthened its domestic sales in China, introduces its own brand products and plays aggressive marketing in the market, it is expected to raise the earnings potential of the Group.

Moreover, the PRC Government has also started implementing certain relief policies, including tax concession, interest rate cut and loosening of credit. Furthermore, the recent decline of resin and oil prices, the exchange rate of the Reminbi gradually stabilized, and a relatively vast supply of labour force certainly can alleviate the pressure faced. With effective from November 2008, the VAT rebate on export products of this business has been increased from 5% to 9%, which will gradually relieve cost pressure of this business to a certain extent.

Stock Broking and Finance

The global market now on has to face a range of economic recessions, as a result of the financial crisis; although Hong Kong is supported by the strong economy of the Mainland China, but the imminent impacts is still unavoidable. Due to the tightening of monetary policy and weak investment sentiment, together with malignant competition from the peers, reduce of stock brokerage rates and staff turnover; the operation of this business will be more difficult than previous years.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the period, the Company has complied with the 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 for the following deviations:

Pursuant to Code A.2.1, the roles of chairman and chief executive officer should be performed by different individuals. Currently, these 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, 2008, Directors of the Company had the following beneficial interests, all being long positions, in the share capital of the Company, the subsidiaries and associate companies of the Company:

	Number of shares held				% of the Issued Share Capital
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
(a) The Company (Ordinary shares of HK\$1.00 each)					
Mr. Chua Nai Tuen	2,172,475	–	76,759,495 (Note 1)	–	39.93
Mr. Chua Nai King	6,941,593	–	2,558,514 (Note 1)	15,373,050 (Note 2)	12.58
Mr. Gilson Chua	1,126,392	–	–	–	0.57
Mr. Luis Chua	8,696,754	–	–	–	4.40
Mr. Nelson Junior Chua	138,000	–	–	–	0.07
Mr. Rene Siy Chua	8,696,754	2,000	–	–	4.40
Mr. Se Ying Kin	54,903	5,655,085	–	–	2.89

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

	Personal Interests	Number of shares held			Other Interests	% of the Issued Share Capital
		Family Interests	Corporate Interests			
Mr. Jimmy Siy Tiong	6,390,796	–	–	–	3.23	
Mr. Siy Yap Samuel <i>(Appointed on 30th September, 2008)</i>	1,282,435	–	–	–	0.65	
Mr. Siy Yap <i>(Resigned on 30th September, 2008)</i>	990,018	847,000	–	–	0.93	
Mr. Tsai Han Yung	4,512,754	–	–	–	2.28	
(b) Nan Sing Plastics Limited <i>(Ordinary shares of HK\$100.00 each)</i>						
Mr. Chua Nai Tuen	–	6,965	–	–	4.64	
(c) Titan Dragon Properties Corporation (Capital stock of Philippines Peso 1,000.00 each)						
Mr. Chua Nai Tuen	4,000	13,600	4,000 <i>(Note 1)</i>	–	27.00	
Mr. Rene Siy Chua	3,200	–	–	–	4.00	

Note 1: 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 in general meetings of such corporations.

Note 2: The shares regarding 'Other Interests' against the name of Mr. Chua Nai King represented an interest comprised in trust properties in which Mr. Chua was taken, under provisions in Part XV of the SFO which are applicable to a director or chief executive of a listed company, to be interested.

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, 2008 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, 2008 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”)	28,453,306	14.40
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, 2008, 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, 12th December, 2008

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. Gilson Chua; (2) Non-executive directors: Mr. Chan Man Hon, Eric, Mr. Luis Chua, Mr. Nelson Junior Chua, Mr. Rene Siy Chua, Miss Vivian Chua, Mr. Se Ying Kin, Mr. Jimmy Siy Tiong, Mr. Siy Yap, Samuel and Mr. Tsai Han Yung; and (3) Independent non-executive directors: Mr. Chan Siu Ting, Mr. James L. Kwok and Mr. Wong Shek Keung.