



Interim Report

2010-11



SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Stock code:252



## **CORPORATE INFORMATION**

### **Board of Directors**

#### *Executive Directors*

Mr. Chua Nai Tuen  
(*Chairman and Managing Director*)  
Mr. Chua Nai King  
(*Deputy Chairman*)  
Mr. Nelson Junior Chua  
Mr. Gilson Chua

#### *Non-Executive Directors*

Mr. Chan Man Hon, Eric  
Mr. Jimmy Siy Tiong  
Mr. Luis Siy  
Mr. Rene Siy Chua  
Mr. Tsai Han Yung  
Mr. Siy Yap Samuel  
Ms. Vivian Chua  
Mr. Se Ying Kin  
(retired on 27 August 2010)

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

### **Principal Bankers**

China Construction Bank (Asia)  
Corporation Limited  
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.

### **Company Secretary**

Mr. Chan Chit Ming, Joeie

### **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

### **Internet Address Homepage**

<http://www.seapnf.com.hk>

**INTERIM RESULTS**

The Directors of Southeast Asia Properties & Finance Limited (the "Company") are pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries and associates (collectively the "Group") for the six months ended 30 September 2010 together with the comparative figures for the corresponding period of last year as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT**

*For the six months ended 30 September 2010*

		<b>Six months ended 30 September</b>	
	Notes	<b>2010 HK\$ (Unaudited)</b>	2009 HK\$ (Unaudited) (Restated)
Turnover	4	<b>173,699,733</b>	147,397,316
Cost of sales		<b>(145,222,186)</b>	(111,274,122)
Gross profit		<b>28,477,547</b>	36,123,194
Other Revenue	5	<b>4,800,710</b>	8,735,307
Fair value change on investment properties		<b>30,417,507</b>	57,262,678
Distribution expenses		<b>(6,961,588)</b>	(5,860,226)
Administrative expenses		<b>(23,069,133)</b>	(23,739,486)
Other operating expenses		<b>(552,259)</b>	(2,061,085)
Profit from operations	6	<b>33,112,784</b>	70,460,382
Finance costs	7	<b>(2,904,427)</b>	(2,266,759)
Share of profit of associates		<b>363,371</b>	656,383
Profit before tax		<b>30,571,728</b>	68,850,006
Tax	8	<b>(7,367,921)</b>	(10,600,044)
Profit for the period		<b>23,203,807</b>	58,249,962
Profit attributable to:			
Equity shareholders of the company		<b>23,400,848</b>	57,809,641
Non-controlling interests		<b>(197,041)</b>	440,321
		<b>23,203,807</b>	58,249,962
Earnings per share	9	<b>10.8 cents</b>	26.6 cents



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 September 2010*

	<b>Six months ended 30 September</b>	
	<b>2010</b>	2009
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited) (Restated)
Profit for the period	<b>23,203,807</b>	58,249,962
Other comprehensive income:		
Available-for-sale financial assets:		
Change in fair value recognised during the period	<b>279,664</b>	15,837,692
Exchange difference arising on translation of foreign operations	<b>2,920,303</b>	175,568
Share of reserve of associates	<b>38,539</b>	218,186
Total comprehensive income for the period	<b>26,442,313</b>	74,481,408
Attributable to:		
Equity shareholders of the Company	<b>26,684,852</b>	74,058,791
Non-controlling interests	<b>(242,539)</b>	422,617
	<b>26,442,313</b>	74,481,408

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2010

	Notes	<b>30 September 2010 HK\$ (Unaudited)</b>	31 March 2010 HK\$ (Audited) (Restated)
<b>NON-CURRENT ASSETS</b>			
Investment properties		<b>426,561,001</b>	396,143,494
Property, plant & equipment		<b>204,905,048</b>	202,094,131
Leasehold land and land use right		<b>13,323,476</b>	13,277,283
Interests in associates		<b>69,493,989</b>	69,079,411
Available-for-sale financial assets		<b>32,192,989</b>	31,441,840
Intangible assets		<b>3,702,706</b>	3,702,706
Deferred tax assets		<b>1,087</b>	1,087
Other assets		<b>2,700,000</b>	2,700,000
		<b>752,880,296</b>	718,439,952
<b>CURRENT ASSETS</b>			
Inventories		<b>62,883,156</b>	58,733,930
Trade and other receivables	10	<b>174,373,020</b>	141,815,779
Financial assets at fair value through profit or loss	11	<b>8,856,494</b>	9,469,423
Deposits and prepayments		<b>3,991,105</b>	15,104,973
Tax prepaid		<b>2,121,810</b>	1,864,070
Time deposits		<b>5,100,000</b>	5,100,000
Trust accounts of shares dealing clients		<b>63,312,942</b>	61,809,267
Cash and bank balances		<b>14,954,083</b>	24,265,251
		<b>335,592,610</b>	318,162,693
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	<b>134,273,847</b>	127,578,594
Amounts due to a related company		<b>12,747,224</b>	12,747,786
Bank loans and overdrafts	13	<b>170,810,652</b>	137,065,121
Amount due to an associate		<b>1,103,813</b>	1,367,487
Taxation		<b>4,383,913</b>	3,009,330
		<b>323,319,449</b>	281,768,318
<b>NET CURRENT ASSETS</b>			
		<b>12,273,161</b>	36,394,375
Total assets less current liabilities		<b>765,153,457</b>	754,834,327

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 September 2010

	Notes	30 September 2010 HK\$ (Unaudited)	31 March 2010 HK\$ (Audited) (Restated)
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	13	<b>97,445,339</b>	112,093,878
Deferred tax liabilities		<b>48,328,140</b>	43,280,219
		<b>145,773,479</b>	155,374,097
<b>NET ASSETS</b>			
		<b>619,379,978</b>	599,460,230
<b>CAPITAL AND RESERVES</b>			
Share capital	14	<b>217,418,850</b>	217,418,850
Reserves		<b>394,265,717</b>	374,103,430
<b>SHAREHOLDERS' EQUITY</b>			
		<b>611,684,567</b>	591,522,280
<b>NON-CONTROLLING INTERESTS</b>			
		<b>7,695,411</b>	7,937,950
<b>TOTAL EQUITY</b>			
		<b>619,379,978</b>	599,460,230

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 September 2010*

	ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY						
	PROPERTY			AVAILABLE- FOR-SALE			
	SHARE CAPITAL	REVALUATION RESERVE	EXCHANGE RESERVE	RETAINED PROFITS	REVALUATION RESERVE	CONTROLLING INTERESTS	NON- EQUITY
	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)
At 1 April 2010, as previously reported	217,418,850	2,555,496	38,891,100	336,180,119	(5,838,038)	7,861,857	597,069,384
Prior year adjustment	-	752,316	-	1,562,437	-	76,093	2,390,846
At 1 April 2010, as restated	217,418,850	3,307,812	38,891,100	337,742,556	(5,838,038)	7,937,950	599,460,230
2010 final dividends payment	-	-	-	(6,522,565)	-	-	(6,522,565)
Total comprehensive income for the period	-	-	3,004,340	23,400,848	279,664	(242,539)	26,442,313
Balance at 30 September 2010	<u>217,418,850</u>	<u>3,307,812</u>	<u>41,895,440</u>	<u>354,620,839</u>	<u>(5,558,374)</u>	<u>7,695,411</u>	<u>619,379,978</u>
At 1 April 2009, as previously reported	197,653,500	2,555,496	35,892,760	273,649,993	(18,056,597)	13,563,871	505,259,023
Prior year adjustment	-	752,316	-	1,259,872	-	61,358	2,073,546
At 1 April 2009, as restated	197,653,500	3,307,812	35,892,760	274,909,865	(18,056,597)	13,625,229	507,332,569
Bonus issue	19,765,350	-	-	(19,765,350)	-	-	-
Total comprehensive income for the period, as restated	-	-	411,458	57,809,641	15,837,692	422,617	74,481,408
Balance at 30 September 2009	<u>217,418,850</u>	<u>3,307,812</u>	<u>36,304,218</u>	<u>312,954,156</u>	<u>(2,218,905)</u>	<u>14,047,846</u>	<u>581,813,977</u>



**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

*For the six months ended 30 September 2010*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	2009
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Net cash outflow from operating activities	<b>(23,821,416)</b>	(77,767,446)
Net cash outflow from investing activities	<b>(7,858,450)</b>	(5,465,790)
Net cash inflow from financing activities	<b>677,059</b>	23,660,296
Decrease in cash and cash equivalents	<b>(31,002,807)</b>	(59,572,940)
Cash and cash equivalents at 1 April	<b>14,149,886</b>	60,084,932
Effect of foreign exchange rate changes	<b>3,789,344</b>	914,661
Cash and cash equivalents at 30 September	<b>(13,063,577)</b>	1,426,653
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<b>14,954,083</b>	12,666,743
Bank overdrafts	<b>(28,017,660)</b>	(11,240,090)
	<b>(13,063,577)</b>	1,426,653



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

*For the six months ended 30 September 2010*

### **1. BASIS OF PREPARATION**

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

### **2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES**

These unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair value. The accounting policies used in these unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March, 2010.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations ("new HKFRSs") issued by HKICPA, which are or have become effective and are relevant to the operations of the Group.

HKFRSs (Amendments)	Amendments to HKFRSs as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009

Except for HKFRSs (Amendments) Improvements to HKFRSs 2009 – Amendment to HKAS17 Leases, the adoption of other new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting period.



**2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

**HKFRSs (Amendments) Improvements to HKFRS 2009 - Amendment to HKAS17 Leases**

As part of Improvements to HKFRSs issued in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group classified leasehold land as operating leases and presented it as "Leasehold land" in the consolidated statement of financial position. The amendment has removed such a requirement.

In accordance with the transitional provisions of HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 April 2010 based on information which existed at the inception of the leases. Leasehold land that qualifies the finance lease classification has been reclassified from "Leasehold land and land use right" to "Investment properties" and "Property, plant and equipment" retrospectively. The adjustments in respect of the comparative figures are as follows:

*(1) Condensed Consolidated Statement of Financial Position*

	<b>31.3.2010</b>		<b>31.3.2010</b>
	<b>Originally stated</b>	<b>Adjustments</b>	<b>Restated</b>
	HK\$	HK\$	HK\$
Investment properties	393,118,494	3,025,000	396,143,494
Property, plant & equipment	172,792,209	29,301,922	202,094,131
Leasehold land and land use right	42,897,219	(29,619,936)	13,277,283
Deferred tax liabilities	(42,964,079)	(316,140)	(43,280,219)
Reserves	(371,788,677)	(2,314,753)	(374,103,430)
Non-controlling interests	(7,861,857)	(76,093)	(7,937,950)

*(2) Condensed Consolidated Income Statement*

	<b>30.9.2009</b>		<b>30.9.2009</b>
	<b>Originally stated</b>	<b>Adjustments</b>	<b>Restated</b>
	HK\$	HK\$	HK\$
Increase in fair value changes on investment properties	56,985,678	277,000	57,262,678
Decrease in provision for amortisation on leasehold land	526,046	(4,297)	521,749
Increase in taxation	10,554,339	45,705	10,600,044
Increase in profit attributable to:			
Equity shareholders of the Company	57,584,990	224,651	57,809,641
Non-controlling interests	429,380	10,941	440,321

**2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued, but are not yet effective, and are relevant to the operation of the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>1</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>3</sup>
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 <sup>2</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement <sup>3</sup>
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2010

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments*:

*Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might not affect the classification and measurement of the Group's financial assets.

The Directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.



**3. SEGMENT INFORMATION**

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January, 2010. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The adoption of HKFRS 8 had no material effect on the presentation of segmental information.

The following is an analysis of the Group's revenue and results by operating segments:

	<b>Six months ended 30 September 2010</b>				
	<b>Property development &amp; investment/hotel</b>	<b>Manufacturing &amp; trading plastic packaging material</b>	<b>Stock broking &amp; finance</b>	<b>Elimination</b>	<b>Total</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Turnover					
External sales	17,349,666	145,758,385	10,591,682	-	173,699,733
Inter-segment sales	1,271,613	-	-	(1,271,613)	-
Total revenue	<u>18,621,279</u>	<u>145,758,385</u>	<u>10,591,682</u>	<u>(1,271,613)</u>	<u>173,699,733</u>
Operation result	7,619,483	(8,971,586)	4,047,380		2,695,277
Fair value change on investment properties	30,417,507	-	-		30,417,507
Segment result	<u>38,036,990</u>	<u>(8,971,586)</u>	<u>4,047,380</u>		<u>33,112,784</u>
Finance costs	-	-	-		(2,904,427)
Share of profit (loss) of associates	411,276	(47,905)	-		363,371
Profit before tax					30,571,728
Tax	(6,267,921)	(500,000)	(600,000)		(7,367,921)
Profit for the period					<u>23,203,807</u>
Depreciation & amortisation	2,269,788	4,595,659	167,846		7,033,293
Capital expenditure	164,994	7,930,152	212,113		8,307,259

## SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

### 3. SEGMENT INFORMATION *(Continued)*

Six months ended 30 September 2009

	Property development & investment/hotel HK\$ (Unaudited) (Restated)	Manufacturing & trading plastic packaging material HK\$ (Unaudited) (Restated)	Stock broking & finance HK\$ (Unaudited) (Restated)	Elimination HK\$ (Unaudited) (Restated)	Total HK\$ (Unaudited) (Restated)
Turnover					
External sales	14,906,667	118,041,564	14,449,085	–	147,397,316
Inter-segment sales	2,466,878	–	–	(2,466,878)	–
Total revenue	<u>17,373,545</u>	<u>118,041,564</u>	<u>14,449,085</u>	<u>(2,466,878)</u>	<u>147,397,316</u>
Operation result	5,612,817	(893,292)	9,478,179		14,197,704
Fair value change on investment properties	57,262,678	–	–		57,262,678
Impairment loss on interest in associates	–	(1,000,000)	–		(1,000,000)
Segment result	<u>62,875,495</u>	<u>(1,893,292)</u>	<u>9,478,179</u>		70,460,382
Finance costs	–	–	–		(2,266,759)
Share of profit (loss) of associates	1,287,701	(631,318)	–		656,383
Profit before tax					68,850,006
Tax	(9,670,358)	70,314	(1,000,000)		(10,600,044)
Profit for the period					<u>58,249,962</u>
Depreciation & amortisation	2,398,097	4,501,166	168,537		7,067,800
Capital expenditure	532,614	1,822,783	60,440		2,415,837

## SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

### 3. SEGMENT INFORMATION (Continued)

#### Segment Assets

	As at 30 September 2010			
	Property development & investment/hotel HK\$ (Unaudited)	Manufacturing & trading plastic packaging material HK\$ (Unaudited)	Stock broking & finance HK\$ (Unaudited)	Total HK\$ (Unaudited)
Segment assets	396,267,283	370,520,399	219,998,248	986,785,930
Interest in associates	61,657,332	7,836,655	-	69,493,987
Unallocated corporate assets	-	-	-	32,192,989
Total assets	<u>457,924,615</u>	<u>378,357,054</u>	<u>219,998,248</u>	<u>1,088,472,906</u>

	As at 31 March 2010			
	Property development & investment/hotel HK\$ (Audited) (Restated)	Manufacturing & trading plastic packaging material HK\$ (Audited) (Restated)	Stock broking & finance HK\$ (Audited) (Restated)	Total HK\$ (Audited) (Restated)
Segment assets	372,383,983	371,968,107	191,729,304	936,081,394
Interest in associates	60,843,913	8,235,498	-	69,079,411
Unallocated corporate assets	-	-	-	31,441,840
Total assets	<u>433,227,896</u>	<u>380,203,605</u>	<u>191,729,304</u>	<u>1,036,602,645</u>

**3. SEGMENT INFORMATION** *(Continued)*

**External sales by geographical area:**

	<b>Six months ended 30 September Turnover</b>	
	<b>2010</b>	2009
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Hong Kong	<b>44,259,109</b>	41,726,432
Mainland China	<b>21,401,707</b>	15,399,181
North America	<b>22,749,695</b>	20,976,895
Europe	<b>18,645,388</b>	12,856,543
Oceania	<b>14,898,749</b>	15,999,686
Asia	<b>51,517,581</b>	39,901,657
Other	<b>227,504</b>	536,922
	<b>173,699,733</b>	147,397,316

*Non-current assets by geographical area:*

	<b>30 September 2010</b>	31 March 2010
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Audited) (Restated)
Hong Kong	<b>513,502,685</b>	481,785,704
Mainland China	<b>153,711,213</b>	151,978,502
Other countries	<b>53,472,322</b>	53,232,819
	<b>720,686,220</b>	686,997,025

Non-current assets exclude available-for-sale financial assets and deferred tax assets.



**4. TURNOVER**

	<b>Six months ended 30 September</b>	
	<b>2010</b>	2009
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Sale of goods	<b>145,724,345</b>	118,041,564
Gross rental income	<b>9,091,445</b>	8,484,816
Brokerage commission	<b>9,699,434</b>	13,931,420
Hotel income	<b>8,258,221</b>	6,421,851
Dividend income		
– Unlisted equity securities	<b>34,040</b>	–
– Listed equity securities	<b>892,248</b>	517,665
	<b>173,699,733</b>	147,397,316

**5. OTHER REVENUE**

	<b>Six months ended 30 September</b>	
	<b>2010</b>	2009
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Interest income	<b>3,798,121</b>	2,734,323
Other income	<b>1,551,938</b>	2,079,381
Consultancy & management fee	–	140,400
Net loss on disposal of trading securities	<b>(5,992)</b>	(16,305)
Bad debts recovered	<b>69,573</b>	305,707
Change in fair value of trading securities	<b>(612,930)</b>	3,491,801
	<b>4,800,710</b>	8,735,307



## SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

### 6. PROFIT FROM OPERATIONS

	<b>Six months ended 30 September</b>	
	<b>2010</b>	2009
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Profit from operations is arrived at after charging:		
Cost of inventories sold	<b>115,103,181</b>	83,544,282
Exchange loss	<b>326,112</b>	414,061
Staff costs (including directors' remuneration)	<b>22,994,297</b>	20,430,162
Salaries, wages and allowance	<b>21,523,874</b>	18,441,707
Welfare	<b>1,122,033</b>	1,651,620
Defined contribution plans	<b>348,390</b>	330,916
Long service payment	<b>-</b>	5,919
Impairment loss on interest in associates	<b>-</b>	1,000,000
Operating lease rental in respect of land and buildings	<b>874,261</b>	914,725
Depreciation & amortisation	<b>7,033,293</b>	7,067,800
Net rental income	<b>8,764,905</b>	8,098,568
Gross rental income from investment properties	<b>9,091,445</b>	8,484,816
Less: outgoings	<b>(326,540)</b>	(386,248)

### 7. FINANCE COSTS

	<b>Six months ended 30 September</b>	
	<b>2010</b>	2009
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Interest on:		
Bank loans and overdrafts wholly repayable		
within five years	<b>1,855,201</b>	1,446,613
over five years	<b>548,574</b>	291,808
Other borrowings	<b>245,970</b>	237,568
Bank charges	<b>254,682</b>	290,770
	<b>2,904,427</b>	2,266,759



**8. TAX**

	<b>Six months ended 30 September</b>	
	<b>2010</b>	2009
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited) (Restated)
Company and subsidiaries		
Hong Kong Profits tax	<b>(2,320,000)</b>	(1,000,000)
Deferred taxation in respect of:		
tax losses	<b>(39,758)</b>	(38,096)
fair value changes on investment properties	<b>(5,033,127)</b>	(9,448,341)
temporary differences	<b>24,964</b>	(113,607)
	<hr/> <b>(7,367,921)</b> <hr/>	<hr/> (10,600,044) <hr/>

Hong Kong Profits tax has been provided at the rate of 16.5% (2009:16.5%) on the estimated assessable profits arising in Hong Kong for the period.

**9. EARNINGS PER SHARE**

The calculation of the earnings per share is based on the profit attributable to shareholders of HK\$23,400,848 (2009: HK\$57,809,641) and ordinary shares in issue of 217,418,850 shares.

**10. TRADE AND OTHER RECEIVABLES**

The aged analysis of the trade receivables (net of allowance on bad and doubtful debts) at the reporting date, presented based on the invoice date.

	<b>30 September 2010 HK\$ (Unaudited)</b>	31 March 2010 HK\$ (Audited)
Repayable on demand margin clients receivables	<b>71,743,273</b>	61,413,946
0 – 30 days	<b>80,395,230</b>	56,964,242
31 – 60 days	<b>11,055,124</b>	14,030,338
Over 60 days	<b>1,696,599</b>	1,957,548
	<hr/>	<hr/>
Other receivables	<b>164,890,226</b>	134,366,074
	<b>9,482,794</b>	7,449,705
	<hr/>	<hr/>
	<b>174,373,020</b>	141,815,779
	<hr/> <hr/>	<hr/> <hr/>

Included in trade receivables, HK\$71,743,273 (net of allowance on bad and doubtful debts) (31 March 2010: HK\$61,413,946) are advances to margin clients, which are secured by client's listed securities held by the Group as collateral and are interest bearing. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. As at 30 September 2010, the total market value of securities pledged as collateral by the customers in respect of the advances to customers is HK\$125,534,092 (31 March 2010: HK\$161,173,919). No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis is not meaningful in view of the revolving nature of the business of securities margin financing.

## SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED



### 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 September 2010 HK\$ (Unaudited)</b>	31 March 2010 HK\$ (Audited)
Trading Securities listed in Hong Kong	<b>8,856,494</b>	9,469,423

### 12. TRADE AND OTHER PAYABLES

The ageing analysis of the Group's trade payables at the reporting date, presented based on the invoice billing date.

	<b>30 September 2010 HK\$ (Unaudited)</b>	31 March 2010 HK\$ (Audited)
Payable to cash clients and clearing house	<b>62,929,762</b>	72,248,739
0 – 30 days	<b>38,781,143</b>	26,263,507
31 – 60 days	<b>8,335,759</b>	3,121,985
Over 60 days	<b>1,576,441</b>	7,409,739
	<b>111,623,105</b>	109,043,970
Other payables	<b>22,650,742</b>	18,534,624
	<b>134,273,847</b>	127,578,594

Included in 30 September 2010 trade payables, HK\$62,929,762 (31 March 2010: HK\$72,248,739) are amounts payable to cash clients and clearing house which would be due within 1 month.

**13. BORROWINGS**

	<b>30 September 2010 HK\$ (Unaudited)</b>	31 March 2010 HK\$ (Audited)
Secured bank overdrafts	<b>28,017,660</b>	10,115,365
Secured bank loans	<b>238,832,647</b>	235,545,470
Unsecured bank loans	<b>1,405,684</b>	3,498,164
	<b>268,255,991</b>	249,158,999
Secured bank loans and overdrafts repayable:		
Within one year	<b>170,810,652</b>	137,065,121
More than one year but not exceeding two years	<b>25,031,303</b>	27,777,289
More than two years but not exceeding five years	<b>32,963,050</b>	42,206,323
Over five years	<b>39,450,986</b>	42,110,266
	<b>268,255,991</b>	249,158,999
Portion due within one year included under current liabilities	<b>(170,810,652)</b>	(137,065,121)
Portion due after one year	<b>97,445,339</b>	112,093,878



**14. SHARE CAPITAL**

	<b>30 September 2010 HK\$ (Unaudited)</b>	31 March 2010 HK\$ (Audited)
Authorised:		
500,000,000 shares of HK\$1.00 each	<b>500,000,000</b>	500,000,000
Issued and fully paid:		
217,418,850 shares of HK\$1.00 each	<b>217,418,850</b>	217,418,850

**15. CONTINGENT LIABILITIES**

- a. A subsidiary had unsettled tax issue regarding the deductibility of accounting fee incurred in the years from 2002/03 to 2008/09.
  
- b. In past year, the constructor for the hotel renovation works claimed against the Company and SAP Realty Company Limited ("SAR"), a wholly owned subsidiary of the Group for an overdue balance of approximately HK\$5,009,115. However, SAR has 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 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 liability, if any, will not have a material adverse impact on the Group's financial position, no provision was made as of 30 September 2010.
  
- c. In past year, a constructor of the renovation works of a director's quarters owned by a subsidiary, "K.W.& Associates Company Limited", has demanded settlement from the subsidiary of an overdue balance of HK\$1,567,380, of which HK\$724,600 has been recognised as a liability in the accounts of that subsidiary. However, the subsidiary has counter-claimed for the rectification cost of about HK\$820,000 caused by the defects in the constructor's works.

As the directors considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liability, if any, will not have a material adverse impact on the Group's financial position, no provision was made as of 30 September 2010.

**16. COMMITMENTS**

As at 30 September 2010, 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>30 September 2010 HK\$ (Unaudited)</b>	31 March 2010 HK\$ (Audited)
Within one year	<b>1,394,124</b>	1,624,848
More than one year but not exceeding five years	<b>2,498,833</b>	3,080,190
	<b><u>3,892,957</u></b>	<u>4,705,038</u>

**17. FUTURE MINIMUM LEASE PAYMENTS RECEIVABLE**

As at 30 September 2010, the total future minimum lease payments receivable under non-cancellable operating leases are analysed as follows:

	<b>30 September 2010 HK\$ (Unaudited)</b>	31 March 2010 HK\$ (Audited)
Within one year	<b>15,314,084</b>	16,723,869
More than one year but not exceeding five years	<b>6,142,946</b>	12,088,069
	<b><u>21,457,030</u></b>	<u>28,811,938</u>



**18. 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:

		<b>Six months ended 30 September</b>	
		<b>2010</b>	2009
		<b>HK\$</b>	HK\$
		<b>(Unaudited)</b>	(Unaudited)
i	Income received from associates of the Group:		
	–consultancy and management fee	–	140,400
	–interest income	–	551,890
	–sharing of production overheads	<b>2,055</b>	152,635
ii	Payment to an associate of the Group		
	–sub-contracting charge	<b>73,235</b>	77,540
iii	Payment to a company in which the Chairman of the Group has controlling interest		
	–rental expenses	<b>382,800</b>	399,265
iv	Interest payment to related companies in which the Chairman has controlling interest	<b>236,271</b>	236,271
v	Remuneration of the other key management personnel was disclosed as follows:		
	Short-term employee benefits	<b>1,444,637</b>	1,412,461
	MPF contribution	<b>35,915</b>	32,565
vi	Remuneration paid to close family members of key management personnel	<b>324,609</b>	294,207



**19. PLEDGE OF ASSETS**

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

	<b>30 September 2010 HK\$ (Unaudited)</b>	31 March 2010 HK\$ (Audited) (Restated)
Investment properties in Hong Kong. at total carrying value	<b>314,550,000</b>	288,300,000
Hotel buildings & leasehold land in Hong Kong at total carrying value	<b>31,770,142</b>	32,769,631
Self-used properties & leasehold land at total carrying value	<b>38,094,306</b>	38,644,292
Time deposits	<b>5,100,000</b>	5,100,000
Financial assets at fair value through income statement	<b>7,885,900</b>	9,405,950
Available-for-sales financial assets	<b>29,918,720</b>	26,324,480
	<b>427,319,068</b>	400,544,353

**20. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the current period's presentation in addition to those which have been restated as a result of the prior year adjustment.

- 21.** The unaudited condensed consolidated interim financial statements for the six months ended 30 September, 2010 have been reviewed by the Audit Committee of the Group.



## **INTERIM RESULTS**

During this period, the Group's turnover was HK\$173.7 million (2009: HK\$147.4 million). The Group's operating profit before finance costs, share of profit of associates and profits tax amounted to HK\$33.1 million (2009: HK\$70.5 million). If the fair value changes on investment properties of HK\$30.4 million (2009: HK\$57.3 million) were to be excluded, the operating profit for the period before finance costs, share of profit of associates and profits tax would have been HK\$2.7 million (2009: HK\$13.2 million), representing a decrease of approximately 79.6% over the comparable figure of last year. This decrease in operating profit was primarily attributable to the decline in the increased fair value changes of the Group's investment properties as compared to the same period of last year, an increased production cost in the plastics packaging material manufacturing and trading business as well as a fall in brokerage commission from the stock broking and finance business. Profit attributable to Shareholders for the first half of the year amounted to HK\$23.4 million (2009: HK\$57.8 million).

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2010 (2009: 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 and the residential property in Ming Yue Hua Yuan at Shenzhen, were all leased out and that generated a steady rental income for the Group during the period. The Group's rental income amounted to HK\$9.1 million, representing an increase of 7.2% from the same period of last year, as the Group did not dispose any of its properties during the period, no gain on disposal of properties was taken in the period. For the six months ended 30 September 2010, the Group's investment properties recorded an increase in fair value changes of HK\$30.4 million (2009: HK\$57.3 million).

*Hotel*

Hotel Benito showed favourable results for the six months period ended 30 September 2010 with occupancy, average room rates and overall gross operating margins picking up. On top of the advantages of its prime location in Tsimshatsui, the Hotel also benefited from better economic conditions and various tourist activities including the World Expo in Shanghai. During the period, the income from the Hotel amounted to HK\$8.3 million, representing an increase of 28.6% from the same period last year.

*Manufacturing and Distribution of Plastic Packaging Materials*

During the period, the business recorded a turnover of HK\$145.7 million (2009: HK\$118.0 million) representing an increase of 23.5% from the same period last year. However, operating loss before finance cost, share of loss of associates and profits tax was HK\$9.0 million. The operating loss recorded is mainly due to the following reasons: firstly, we were unable to transfer the increase in raw material cost to one of our key customers as we had a fixed price long-term supply contract; secondly, wages on the Mainland are rising due to a 20% increase in statutory minimum wage coupled with a deepening labour shortage; thirdly, we increased our marketing campaigns budget for our Nan Sing brand disposable household goods in China to drive towards achieving critical mass.

To cope with the elevating operating cost, we managed to negotiate for an early termination of the fixed price long-term supply contract and re-entered into a larger supply contract with more favorable terms in the third quarter of 2010. We have also set up a task force to review the organisation structure and scrutinise the operating expenses of each department.

We have launched the Nan Sing brand disposable household goods for slightly over a year and consumers' feedback towards our product is generally positive and the results are encouraging. Given that consumers are cautious in their household spending and are driven heavily by promotional activities, we have widened our product portfolio and developed regular promotional activities to accommodate different market needs. We have further expanded our presence in the convenience and supermarket channels in both Southern and Eastern China.



### *Stock Broking and Finance*

Due to the stagnant economic growth in the United States and long-term high unemployment rate, global investors still held a wait and see attitude in the second quarter of 2010. As the economy failed to revitalise, the United States Government introduced the second round of Quantitative Easing (QE2). Investors believe large amount of fund will be injected into the markets, especially markets in developing countries such as Hong Kong. Hong Kong stock market became active at the end of the third quarter in 2010. Hang Seng Index reached 22,358 as at 30 September 2010, its highest level in the period.

During the six months ended 30 September 2010, the stock broking and finance business recorded an operating profit before finance costs and profits tax of HK\$4.0 million (2009: HK\$9.5 million), a decrease of 57.3% from the same period last year; this is mainly due to a 37.8% drop in turnover volume which led to a 30.4% drop in total brokerage commission to HK\$9.7 million. Net interest earned from margin clients recorded an increase of 75.0% to HK\$3.5 million (2009: HK\$2.0 million). This is because investors are more willing to hold stocks as well as a large number of initial public offerings (IPOs) during the period. Moreover, the said operating profit included unrealised holding loss on investments of HK\$0.6 million compared to the unrealised holding gain of HK\$3.5 million from the same period last year.

### **Capital Commitments**

As at 30 September 2010, the Group had no capital commitment (31 March 2010: Nil) in respect of acquisition of plant and equipment.

### **Liquidity and Financial Resources**

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

As at 30 September 2010, cash and bank balances together with time deposits were HK\$20.1 million (31 March 2010: HK\$29.4 million) with trade and other receivables at HK\$174.4 million (31 March 2010: HK\$141.8 million). Trade and other payables were HK\$134.3 million (31 March 2010: HK\$127.6 million). The increases in trade receivables and trade payables were mainly attributed to the stock broking and finance business which benefited from a rise in the number of IPOs and a rebound of market total turnover.

As at 30 September 2010, the Group's bank borrowings increased from HK\$249.2 million of the last year-end date to HK\$268.3 million of this period, in which the short-term borrowings amounted to HK\$170.8 million (31 March 2010: HK\$137.1 million) and long-term borrowings amounted to HK\$97.5 million (31 March 2010: HK\$112.1 million). The Group's current period net debt to equity ratio was 40.6% (31 March 2010: 37.2%), calculated on the basis of the Group's net borrowings (after bank balances and cash together with time deposit) over Shareholders' funds. The increases in bank borrowings and the net debt to equity ratio during the period were mainly due to the drawing down of short-term loans and bank overdrafts to refinance the IPOs at the end of the period.

### **Foreign Exchange Exposure**

To minimise 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.

### **Material Acquisitions and Disposals**

The Group had no material acquisitions or disposals of subsidiaries or associated companies during the six months ended 30 September 2010.

### **Capital Structure**

As at 30 September 2010, the Group's Shareholders' funds amounted to HK\$611.7 million (31 March 2010: HK\$591.5 million). The Group's consolidated net assets per share as at 30 September 2010 was HK\$2.81 (31 March 2010: HK\$2.72).



### **Pledge of Assets**

Details of the Group's pledge of assets are set out in note 19 to the Interim Report on page 24.

### **Contingent Liabilities**

Details of the Group's contingent liabilities are set out in note 15 to the Interim Report on page 21.

### **Employees and Remuneration Policies**

The Group had about 851 employees as at 30 September 2010. The remuneration policies are determined with reference to the market conditions and individual performance of staff.

## **OUTLOOK**

The first half was full of challenges again for the world's economy. For a while, it looked as if the Euro Zone's credit crisis would threaten the fragile recovery in the rest of the world. Looking ahead, following a slew of measures by various governments to stimulate exports and prop domestic output, the global economy appears to be emerging from the doldrums. However, the pace of growth in Western developed countries clearly has lagged behind that of China and other developing markets. In other words, the economic recovery worldwide remains fragile and tentative. We will seek to lay a solid foundation for the future through expanding customer and product coverage. At the same time, we will adhere to sound investment strategies in identifying low-risk assets and will exercise caution in considering new investment projects.

### *Property Investment and Development*

Hong Kong is fortunate to have the advantage of an economically viable hinterland. While more and more Mainland Chinese visitors are likely to shop and spend in the city, an upturn in the local economy, low interest rates and the lack of outlets for capital investments continue to bolster the local retail sector and the property market, benefiting the Group's property portfolio, especially the shops on the Ground Floor of Hotel Benito. Rental incomes of the Group's investment properties are expected to remain stable since rental leases are secured by long-term tenancy agreements.

*Hotel*

With the closing of the Shanghai World Expo and the opening of the 2010 Asian Games in Guangzhou, the Group expects that more travellers will be attracted to visit the Mainland China and Hong Kong, further flourishing the tourism business in Hong Kong and increases the demand for the Hotel. The Group foresees that such events will boost room rates of the Hotel in the next half year.

*Manufacturing and Distribution of Plastic Packaging Materials*

With domestic consumption so essential to the Mainland's economic development, manufacturing on the Mainland is only going to get more expensive with soaring labour costs caused by labour shortages, a strengthening Yuan making exports more expensive, and inflation all threatening to sharply raise the operating cost.

Faced with the challenges of the forthcoming operational hardship, we will continue to streamline the production process and enhance our productivity on our core range of products with more efficient and advanced technologies. In addition, we will focus on manufacturing higher value added products with less competition and continue to pursue in building the Nan Sing brand, product innovation, distribution channel expansion, consumer education and marketing in Southern and Eastern China.

*Stock Broking and Finance*

With the introduction of economic rescue packages, large amount of funds will flow into global markets to seek for investment opportunities. The Group expects to benefit from the increase in the trading volume of the Hong Kong stock market in the coming year.

However, it is believed that the low interest rate environment cannot be sustained in the long term. Excessive funds will push up asset valuations, resulting in inflation and hikes in interest rate. It will also increase the volatility of the stock market.

Besides consolidating our existing client pool, we are going to strengthen and update our online trading platform and interfaces with the hope of attracting more clients.

## **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:

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

Pursuant to Code A.4.1, non-executive directors should be appointed for a specific term. Currently, non-executive directors are not appointed for a specific term but they are subject to retirement by rotation 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 30 September 2010, 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 <i>(Note 1)</i>
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
(a) The Company (Ordinary shares of HK\$1.00 each)					
Mr. Chua Nai Tuen	2,389,722	–	84,466,445 <i>(Note 2)</i>	–	39.95
Mr. Chua Nai King	7,635,751	–	2,814,365 <i>(Note 2)</i>	16,910,355 <i>(Note 3)</i>	12.58
Mr. Nelson Junior Chua	173,800	–	–	–	0.08
Mr. Gilson Chua	1,239,031	–	–	–	0.57
Mr. Jimmy Siy Tiong	7,029,875	–	–	–	3.23
Mr. Luis Siy	9,566,429	–	–	–	4.40
Mr. Rene Siy Chua	9,566,429	2,200	–	–	4.40
Mr. Tsai Han Yung	4,968,029	–	–	–	2.29
Mr. Siy Yap Samuel	1,410,678	–	–	–	0.65
Mr. Se Ying Kin (retired on 27 August 2010)	6,280,986	–	–	–	2.89
(b) Nan Sing Plastics Limited (Ordinary shares of HK\$100.00 each)					
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 2)</i>	–	27.00
Mr. Rene Siy Chua	3,200	–	–	–	4.00

*Note 1:* This percentage has been compiled based on the total number of shares of the Company in issue (i.e. 217,418,850 ordinary shares) as at 30 September 2010.

*Note 2:* 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.

## SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

*Note 3:* 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 for Securities Transactions by Directors of Listed Issuers:

- (a) there were no interests, both long and short positions, held as at 30 September 2010 by any of the Directors or Chief Executive of the Company in shares, underlying shares or 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 or 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 30 September 2010 as recorded in the register kept by the Company under section 336 of the SFO:

	<b>No. of Ordinary Shares held</b>	<b>% of the Issued Share Capital</b>
J & N International Limited ("J & N")	53,136,808	24.44
Sonliet Investment Company Limited ("Sonliet")	31,329,637	14.41
HSBC International Trustee Limited ("HSBC")	16,910,355	7.77

*Note:* This percentage has been compiled based on the total number of shares of the Company in issue (i.e. 217,418,850 ordinary shares) as at 30 September 2010.



## **SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED**

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 30 September 2010, there were no short positions recorded in the said register.

### **DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES**

There is no change in the directors' information, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### **AUDIT COMMITTEE**

The audit committee comprises three independent non-executive directors and two non-executive directors of the Company. The audit committee has reviewed with management, the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters, including a review of the unaudited condensed consolidated financial statements for the six months ended 30 September 2010, which is of opinion that such statements comply with the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

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

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

By Order of the Board

**CHUA NAI TUEN**

*Chairman and Managing Director*

Hong Kong, 25 November 2010

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