

Interim Report
2011-12



SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Stock code: 252

*Welcome to Hotel Benito and wishing you
a most comfortable stay with us.*

Sincerely yours,

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. Samuel Siy Yap
Mr. Tsai Han Yung
Ms. Vivian Chua

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. Chan Man Hon, Eric
Mr. James L. Kwok

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

HLB Hodgson Impey Cheng

Company Secretary

Mr. Chan Chit Ming, Joeie
(resigned on 31 May 2011)

Mr. Ho Chi Keung
(appointed on 31 May 2011 and
resigned on 29 August 2011)

Mr. Chan Chi Chung
(appointed on 29 August 2011)

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>

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

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 2011 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 2011

		Six months ended 30 September	
	Notes	2011 HK\$ (Unaudited)	2010 HK\$ (Unaudited) (Restated)
Turnover	4	206,780,268	173,699,733
Cost of sales		(166,341,564)	(145,222,186)
Gross profit		40,438,704	28,477,547
Other revenue	5	999,076	4,800,710
Gain arising on change in fair value of investment properties		21,023,785	30,417,507
Distribution expenses		(9,578,082)	(6,961,588)
Administrative expenses		(25,309,518)	(23,071,062)
Other operating expenses		(792,343)	(552,259)
Profit from operations	6	26,781,622	33,110,855
Finance costs	7	(3,160,949)	(2,904,427)
Share of profit of associates		977,685	363,371
Profit before tax		24,598,358	30,569,799
Income tax expense	8	(2,995,156)	(2,376,671)
Profit for the period		<u>21,603,202</u>	<u>28,193,128</u>
Profit attributable to:			
Owners of the Company		21,044,922	28,357,603
Non-controlling interests		558,280	(164,475)
		<u>21,603,202</u>	<u>28,193,128</u>
Earnings per share			
Basic and diluted	9	<u>9.68 cents</u>	<u>13.04 cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

For the six months ended 30 September 2011

	Six months ended 30 September	
	2011	2010
	HK\$	HK\$
	(Unaudited)	(Unaudited) (Restated)
Profit for the period	21,603,202	28,193,128
Other comprehensive income:		
Available-for-sale financial assets:		
(Loss) gain arising on change in fair value	(7,211,497)	279,664
Exchange difference arising on translation of foreign operations	4,471,453	2,920,303
Share of exchange reserve of associates	60,879	38,539
Total comprehensive income for the period	18,924,037	31,431,634
Attributable to:		
Owners of the Company	18,441,630	31,641,607
Non-controlling interests	482,407	(209,973)
	18,924,037	31,431,634

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

	Notes	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
NON-CURRENT ASSETS			
Investment properties	10	488,473,305	467,449,520
Property, plant and equipment		201,442,082	202,791,662
Leasehold land and land use right		13,630,440	13,400,616
Interests in associates		71,000,882	67,470,734
Available-for-sale financial assets		23,299,197	30,189,169
Intangible assets		3,702,706	3,702,706
Deferred tax assets		303,967	303,967
Other assets		2,700,000	2,700,000
		804,552,579	788,008,374
CURRENT ASSETS			
Inventories		91,635,632	75,041,386
Trade and other receivables	11	124,777,430	185,907,978
Financial assets at fair value through profit or loss	12	5,521,180	11,569,230
Deposits and prepayments		5,026,168	4,198,228
Tax prepaid		4,784,570	3,155,022
Time deposits		5,100,000	5,100,000
Trust accounts of shares dealing clients		46,985,491	56,315,997
Cash and bank balances		64,456,225	21,042,484
		348,286,696	362,330,325
CURRENT LIABILITIES			
Trade and other payables	13	124,816,223	130,975,939
Amounts due to related companies		24,779,279	21,775,406
Amount due to an associate		1,558,423	1,406,012
Bank loans and overdrafts	14	189,950,161	187,432,235
Taxation		3,931,812	1,750,135
		345,035,898	343,339,727
NET CURRENT ASSETS		3,250,798	18,990,598
TOTAL ASSETS LESS CURRENT LIABILITIES		807,803,377	806,998,972

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 September 2011

	Notes	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
NON-CURRENT LIABILITIES			
Bank loans	14	72,411,347	84,389,829
Deferred tax liabilities		5,784,041	5,402,625
		78,195,388	89,792,454
NET ASSETS			
		729,607,989	717,206,518
CAPITAL AND RESERVES			
Share capital	15	217,418,850	217,418,850
Reserves		503,141,433	491,222,369
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
		720,560,283	708,641,219
Non-controlling interests		9,047,706	8,565,299
TOTAL EQUITY			
		729,607,989	717,206,518

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	ATTRIBUTABLE TO OWNERS OF THE COMPANY							TOTAL EQUITY HK\$ (Unaudited)
	PROPERTY		AVAILABLE- FOR-SALE SECURITIES		NON- CONTROLLING			
	SHARE CAPITAL	REVALUATION RESERVE	EXCHANGE RESERVE	REVALUATION RESERVE	RETAINED PROFITS	SUBTOTAL	INTERESTS	
	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)	
At 1 April 2011	217,418,850	3,178,526	44,677,971	(4,919,683)	448,285,555	708,641,219	8,565,299	717,206,518
Profit for the period	-	-	-	-	21,044,922	21,044,922	558,280	21,603,202
Other comprehensive income for the period	-	-	4,608,205	(7,211,497)	-	(2,603,292)	(75,873)	(2,679,165)
Total comprehensive income for the period	-	-	4,608,205	(7,211,497)	21,044,922	18,441,630	482,407	18,924,037
2011 final dividend paid	-	-	-	-	(6,522,566)	(6,522,566)	-	(6,522,566)
At 30 September 2011	<u>217,418,850</u>	<u>3,178,526</u>	<u>49,286,176</u>	<u>(12,131,180)</u>	<u>462,807,911</u>	<u>720,560,283</u>	<u>9,047,706</u>	<u>729,607,989</u>
At 1 April 2010 (originally stated)	217,418,850	2,555,496	38,891,100	(5,838,038)	336,180,119	589,207,527	7,861,857	597,069,384
Prior year adjustments	-	623,030	-	-	1,723,470	2,346,500	30,342	2,376,842
Effect of change in accounting policies	-	-	-	-	39,533,684	39,533,684	162,248	39,695,932
At 1 April 2010 (restated)	<u>217,418,850</u>	<u>3,178,526</u>	<u>38,891,100</u>	<u>(5,838,038)</u>	<u>377,437,273</u>	<u>631,087,711</u>	<u>8,054,447</u>	<u>639,142,158</u>
Profit for the period	-	-	-	-	28,357,603	28,357,603	(164,475)	28,193,128
Other comprehensive income for the period	-	-	3,004,340	279,664	-	3,284,004	(45,498)	3,238,506
Total comprehensive income for the period	-	-	3,004,340	279,664	28,357,603	31,641,607	(209,973)	31,431,634
2010 final dividend paid	-	-	-	-	(6,522,565)	(6,522,565)	-	(6,522,565)
At 30 September 2010	<u>217,418,850</u>	<u>3,178,526</u>	<u>41,895,440</u>	<u>(5,558,374)</u>	<u>399,272,311</u>	<u>656,206,753</u>	<u>7,844,474</u>	<u>664,051,227</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2011

	Six months ended 30 September	
	2011	2010
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Net cash generated from (used in) operating activities	51,686,468	(23,821,416)
Net cash used in investing activities	(362,327)	(7,858,450)
Net cash (used in) generated from financing activities	(9,858,525)	677,059
Increase (decrease) in cash and cash equivalents	41,465,616	(31,002,807)
Cash and cash equivalents at 1 April	20,906,301	14,149,886
Effect of foreign exchange rate changes	2,084,308	3,789,344
Cash and cash equivalent at 30 September	<u>64,456,225</u>	<u>(13,063,577)</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	64,456,225	14,954,083
Bank overdrafts	–	(28,017,660)
	<u>64,456,225</u>	<u>(13,063,577)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

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").

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 2011.

The unaudited condensed consolidated financial statements should be read in conjunction with the 2011 annual consolidated financial statements.

The unaudited condensed consolidated financial statements as presented in Hong Kong Dollar ("HK\$") which is also the functional currency of the company.

In preparing the current period's unaudited condensed consolidated financial statements, the following comparative financial information has been restated:

For the year ended 31 March 2006, the Group changed in use of owner-occupied properties and transferred it to investment properties. However, the leasehold land of those properties were not transferred to investment properties and continued to be classified as "Leasehold land and land use right" which amortisation was provided. In addition, a car park which was owner-occupied property and did not have change in use was transferred to investment properties. As a result, adjustments have been made retrospectively by restating an amount of administrative expenses from (HK\$23,069,133) which was disclosed in the previous interim report 30 September 2010 to (HK\$23,071,062).

The Group has early adopted HKAS 12 (Amendments) for the year ended 31 March 2011. As a result, adjustments have been made retrospectively by restating an amount of income tax expense from (HK\$7,361,921) which was disclosed in the previous interim report 30 September 2010 to (HK\$2,376,671).

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, a number of new or revised standard, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA. The application of the new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these unaudited condensed consolidated financial statements.

The Group has not early applied the following new and revised standards and amendments that have been issued but are not yet effective:

HKAS 1 (Amendments)	<i>Presentation of Items of Other Comprehensive Income</i> ¹
HKAS 19 (Revised 2011)	<i>Employee Benefits</i> ³
HKAS 27 (Revised 2011)	<i>Separate Financial Statements</i> ³
HKAS 28 (Revised 2011)	<i>Investments in Associates and Joint Ventures</i> ³
HKFRS 1 (Amendments)	<i>Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> ⁴
HKFRS 7 (Amendments)	<i>Disclosures – Transfers of Financial Assets</i> ⁴
HKFRS 9	<i>Financial Instruments</i> ³
HKFRS 10	<i>Consolidated Financial Statements</i> ³
HKFRS 11	<i>Joint Arrangements</i> ³
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ³
HKFRS 13	<i>Fair Value Measurement</i> ³

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 January 2013

⁴ Effective for annual periods beginning on or after 1 July 2011

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognitions and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting period.

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

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

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The director of the Company have commenced their assessments of the impact of the above new and revised HKFRSs, but it is not yet in a position to state whether these new and revised HKFRSs would have a material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

HKFRS 8 is a disclosure standard that 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 for the purpose of allocating resources to segments and to assessing their performance.

The directors (chief operating decision maker) of the Company review the Group's internal reporting in order to assess performance and allocate resources. The directors of the Company have determined the operating segments based on these reports.

The directors of the Company consider the business from both a geographic and product perspective. From a geographic and product perspective, the directors of the Company assess as the performance of property investments and development/hotel, manufacturing and distribution of plastic packaging materials and stock broking and finance.

3. SEGMENT INFORMATION *(Continued)*

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment performance is evaluated based on operating segment results, which is a measure of segment results. The segment results is measured consistently with the Group's profit except that gain arising on change in fair value of investment properties, finance costs, share of profits (losses) of associates and income tax expenses are excluded from such measurement. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the directors of the Company is measured in a manner consistent with that in the consolidated income statement.

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

Property investments and development/hotel	Provision of hotel services and leasing of rental properties in Hong Kong and the People's Republic of China (the "PRC")
Manufacturing and distribution of plastic packaging materials	Production and distribution of plastic bags and packaging materials
Stock broking and finance	Securities investment provision of financial investment services and in trading securities

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

3. SEGMENT INFORMATION (Continued)

Operating Segment

	Six months ended 30 September 2011			Total HK\$ (Unaudited)
	Property development & investment/hotel HK\$ (Unaudited)	Manufacturing & trading plastic packaging material HK\$ (Unaudited)	Stock broking & finance HK\$ (Unaudited)	
Turnover				
External sales	19,422,372	175,717,514	11,640,382	206,780,268
Segment result	9,575,516	(1,895,559)	(1,922,120)	5,757,837
Gain arising on change in fair of investment properties	21,023,785	-	-	21,023,785
Profit (loss) from operation	30,599,301	(1,895,559)	(1,922,120)	26,781,622
Unallocated finance costs	-	-	-	(3,160,949)
Share of profit (loss) of associates	1,077,585	(99,900)	-	977,685
Profit before tax				24,598,358
Unallocated income tax expense				(2,995,156)
Profit for the period				21,603,202
Depreciation & amortisation	2,174,493	4,565,506	203,459	6,943,458
Capital expenditure	43,200	2,102,420	240,022	2,385,642

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

3. SEGMENT INFORMATION *(Continued)*

Operating Segment *(Continued)*

	Six months ended 30 September 2010			
	Property development & investment/hotel HK\$ (Unaudited)	Manufacturing & trading plastic packaging material HK\$ (Unaudited)	Stock broking & finance HK\$ (Unaudited)	Total HK\$ (Unaudited)
Turnover				
External sales	17,349,666	145,758,385	10,591,682	173,699,733
Segment result	7,617,554	(8,971,586)	4,047,380	2,693,348
Gain arising on change in fair of investment properties	30,417,507	–	–	30,417,507
Profit (loss) from operation	<u>38,035,061</u>	<u>(8,971,586)</u>	<u>4,047,380</u>	33,110,855
Unallocated finance costs	–	–	–	(2,904,427)
Share of profit (loss) of associates	411,276	(47,905)	–	<u>363,371</u>
Profit before tax				30,569,799
Unallocated income tax expense				<u>(2,376,671)</u>
Profit for the period				<u>28,193,128</u>
Depreciation & amortisation	2,271,717	4,595,659	167,846	7,035,222
Capital expenditure	164,994	7,930,152	212,113	8,307,259

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

3. SEGMENT INFORMATION (Continued)

Segment Assets

	As at 30 September 2011			
	Property development & investment/hotel	Manufacturing & trading plastic packaging material	Stock broking & finance	Total
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment assets	424,534,513	461,037,735	172,966,948	1,058,539,196
Interest in associates	66,025,741	4,344,553	630,588	71,000,882
Unallocated corporate assets	–	–	–	23,299,197
Total assets	490,560,254	465,382,288	173,597,536	1,152,839,275

	As at 31 March 2011			
	Property development & investment/hotel	Manufacturing & trading plastic packaging material	Stock broking & finance	Total
	HK\$	HK\$	HK\$	HK\$
	(Audited)	(Audited)	(Audited)	(Audited)
Segment assets	419,103,254	406,016,104	227,559,438	1,052,678,796
Interest in associates	63,375,672	3,705,290	389,772	67,470,734
Unallocated corporate assets	–	–	–	30,189,169
Total assets	482,478,926	409,721,394	227,949,210	1,150,338,699

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

3. SEGMENT INFORMATION *(Continued)*

Geographical segment

	Six months ended 30 September Turnover	
	2011 HK\$ (Unaudited)	2010 HK\$ (Unaudited)
Hong Kong	44,438,590	44,259,109
PRC	49,502,011	21,401,707
North America	23,532,606	22,749,695
Europe	17,370,791	18,645,388
Oceania	13,891,154	14,898,749
Other Asian countries	58,045,116	51,517,581
Other	–	227,504
	<u>206,780,268</u>	<u>173,699,733</u>

	Carrying amount of Segment assets		Additions to non-current assets	
	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Hong Kong	848,604,530	865,343,894	285,422	2,381,502
North America	5,540,050	6,803,208	–	–
Oceania	4,222,080	7,436,216	–	–
Europe	5,013,238	4,149,816	–	–
PRC	284,112,906	257,021,028	2,100,220	9,032,366
Other Asian countries	5,346,471	9,584,537	–	–
	<u>1,152,839,275</u>	<u>1,150,338,699</u>	<u>2,385,642</u>	<u>11,413,868</u>

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

4. TURNOVER

	Six months ended 30 September	
	2011	2010
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Sale of goods	175,717,514	145,724,345
Gross rental income	9,044,665	9,091,445
Brokerage commission	9,291,484	9,699,434
Hotel income	10,377,707	8,258,221
Dividend income		
– Unlisted equity securities	–	34,040
– Listed equity securities	2,348,898	892,248
	206,780,268	173,699,733

5. OTHER REVENUE

	Six months ended 30 September	
	2011	2010
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Interest income	4,300,432	3,798,121
Other income	2,272,025	1,551,938
Loss on disposal of financial assets at fair value through profit or loss	(9,845)	(5,992)
Gain on disposal of property, plant and equipment	155,488	–
Bad debts recovered	329,026	69,573
Loss arising on change in fair value of financial assets at fair value through profit or loss	(6,048,050)	(612,930)
	999,076	4,800,710

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

6. PROFIT FROM OPERATIONS

	Six months ended	
	30 September	
	2011	2010
	HK\$	HK\$
	(Unaudited)	(Unaudited)
		(Restated)
Profit from operations is arrived at after charging (crediting):		
Cost of inventories sold	131,434,105	115,103,181
Impairment loss of trade and other receivables	1,778,426	–
Exchange loss	–	326,112
Staff costs (including directors' remuneration)	26,284,047	22,994,297
Salaries, wages and allowance	24,234,354	21,523,874
Staff benefits	1,706,053	1,122,033
Defined contribution plans	343,640	348,390
Operating lease rental in respect of office premises	1,261,846	874,261
Depreciation & amortisation	6,943,458	7,035,222
Gross rental income from investment properties	(9,044,665)	(8,802,805)
Less: Direct outgoing expenses from investment properties that generated rental income during the period	7,400	37,900
	9,037,265	8,764,905

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

7. FINANCE COSTS

	Six months ended 30 September	
	2011	2010
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Interest on:		
Bank loans and overdrafts wholly repayable within five years	1,801,697	1,855,201
over five years	508,127	548,574
Other borrowings	535,744	245,970
 Bank charges	 315,381	 254,682
	<hr/> 3,160,949 <hr/>	<hr/> 2,904,427 <hr/>

8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2011	2010
	HK\$	HK\$
	(Unaudited)	(Unaudited) (Restated)
Company and subsidiaries		
Hong Kong Profits tax	(2,613,740)	(2,320,000)
Deferred taxation in respect of:		
tax losses	–	(39,758)
fair value changes on investment properties	(11,306)	(41,877)
temporary differences	(370,110)	24,964
	<hr/> (2,995,156) <hr/>	<hr/> (2,376,671) <hr/>

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) on the estimated assessable profit for the year. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2010: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

9. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to owners of the Company HK\$21,044,922 (2010 (restated): HK\$28,357,603) and ordinary shares in issue of 217,418,850 (2010: 217,418,850) shares.

10. INVESTMENT PROPERTIES

	HK\$
Fair value	
At 1 April 2010 (restated)	395,743,494
Gain arising on change in fair value	71,706,026
	<hr/>
At 31 March 2011	467,449,520
	<hr/> <hr/>
At 1 April 2011	467,449,520
Gain arising on change in fair value	21,023,785
	<hr/>
At 30 September 2011	488,473,305
	<hr/> <hr/>

The fair values of the Group's investment properties at the end of the reporting period have been arrived at on the basis of a valuation carried out on that date by Messrs. K. T. Liu Surveyors Limited, independent qualified professional valuer not connected to the Group. Messrs. K. T. Liu Surveyors Limited is a member of The Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs and/or by reference to market evidence of transaction prices for similar properties.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

The Group's investment properties with carrying amount of HK\$339,430,000 (31 March 2011: HK\$333,520,000) have been pledged to secure general banking facilities granted to the Group.

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

10. INVESTMENT PROPERTIES *(Continued)*

The carrying amount of investment properties shown above comprises:

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Inside Hong Kong, held under Medium – term lease	484,976,000	464,066,000
Outside Hong Kong, held under Medium – term lease	3,497,305	3,383,520
	488,473,305	467,449,520

11. TRADE AND OTHER RECEIVABLES

The Group's trade receivables arose from (i) property investments and development/hotel, (ii) manufacturing and distribution of plastic packaging materials, and (iii) stock broking and finance for the period.

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Trade receivables from:		
Clearing house and cash clients	22,233,346	63,238,912
Secured margin clients	47,970,779	73,828,188
Others	47,927,843	48,948,394
	118,131,968	186,015,494
Less: Allowance on bad and doubtful debts	(10,998,874)	(9,220,448)
	107,133,094	176,795,046
Other receivables	17,644,336	9,112,932
	124,777,430	185,907,978

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

11. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Repayable on demand margin clients receivables	44,590,128	71,943,898
0 – 30 days	45,466,444	89,949,283
31 – 60 days	10,578,700	9,192,310
Over 60 days	6,497,822	5,709,555
	<hr/>	<hr/>
Other receivables	107,133,094	176,795,046
	17,644,336	9,112,932
	<hr/>	<hr/>
	124,777,430	185,907,978
	<hr/> <hr/>	<hr/> <hr/>

Included in trade receivables, HK\$44,590,128 (net of allowance on bad and doubtful debts) (31 March 2011: HK\$71,943,898) 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. At 30 September 2011, the total market value of securities pledged as collateral by the customers in respect of the advances to customers is HK\$66,744,019 (31 March 2011: HK\$133,675,108). 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.

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

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

11. TRADE AND OTHER RECEIVABLES *(Continued)*

Trade receivables of manufacturing business falls into the general credit term ranged from 0-90 days except for a credit period mutually agreed between the Company and the customers.

Rental receivables billed in advance and settlements from tenants are expected upon receipts of billings.

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

The Group maintains straight control over its outstanding receivables. Overdue balances are reviewed regularly by managers and senior management. In view of the above-mentioned and the fact that the Group's trade receivables relate to a large number of diversified customers, in the opinion of the directors of the Company, there is no significant concentration of credit risk at 30 September 2011 and 31 March 2011.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Trading Securities listed in Hong Kong	<u>5,521,180</u>	<u>11,569,230</u>

The above trading securities were classified as held-for-trading and the fair values were determined with reference to quoted market bid prices at the end of the reporting period.

The Group's financial assets at fair value through profit or loss with carrying amount of HK\$2,321,500 (31 March 2011: HK\$11,507,850) have been pledged to secure general banking facilities granted to the Group.

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

13. TRADE AND OTHER PAYABLES

The Group's trade payables arose from (i) property investments and development/hotel, (ii) manufacturing and distribution of plastic packaging materials, and (iii) stock broking and finance for the period.

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Trade payables to:		
Clearing house and cash clients	45,194,795	67,738,036
Secured margin clients	15,043,268	18,003,348
Others	42,408,231	24,283,749
	<hr/>	<hr/>
	102,646,294	110,025,133
Other payables	22,169,929	20,950,806
	<hr/>	<hr/>
	124,816,223	130,975,939
	<hr/> <hr/>	<hr/> <hr/>

The ageing analysis of the Group's trade payables at the end of the reporting period, presented based on the invoice billing date is as follows:

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
0 – 30 days	84,414,000	98,331,288
31 – 60 days	14,034,239	7,152,335
Over 60 days	4,198,055	4,541,510
	<hr/>	<hr/>
	102,646,294	110,025,133
Other payables	22,169,929	20,950,806
	<hr/>	<hr/>
	124,816,223	130,975,939
	<hr/> <hr/>	<hr/> <hr/>

Included in 30 September 2011 trade payables, HK\$45,194,795 (31 March 2011: HK\$67,738,036) are amounts payable to cash clients and clearing house which would be due within 30 days.

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

14. BANK LOANS AND OVERDRAFTS

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Secured bank overdrafts	–	136,183
Secured bank loans	252,361,508	265,685,881
Unsecured bank loans	10,000,000	6,000,000
	262,361,508	271,822,064
Secured bank loans and overdrafts repayable:		
Within one year	189,950,161	187,432,235
More than one year but not exceeding two years	19,533,573	23,246,471
More than two years but not exceeding five years	19,121,744	24,552,700
Over five years	33,756,030	36,590,658
	262,361,508	271,822,064
Portion due within one year included under current liabilities	(189,950,161)	(187,432,235)
Portion due after one year	72,411,347	84,389,829

15. SHARE CAPITAL

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Authorised:		
500,000,000 shares of HK\$1.00 each	500,000,000	500,000,000
Issued and fully paid:		
217,418,850 shares of HK\$1.00 each	217,418,850	217,418,850

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

16. COMMITMENTS

As at 30 September 2011, the Group had commitments under non-cancellable operating leases in respect of land and buildings to make payment in the following periods as follows:

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Within one year	1,376,106	1,394,124
More than one year but not exceeding five years	1,860,964	2,498,833
	<u>3,237,070</u>	<u>3,892,957</u>

17. FUTURE MINIMUM LEASE PAYMENTS RECEIVABLE

As at 30 September 2011, the total future minimum lease payments receivable under non-cancellable operating leases are analysed as follows:

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Within one year	18,029,344	15,314,084
More than one year but not exceeding five years	23,532,378	6,142,946
	<u>41,561,722</u>	<u>21,457,030</u>

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

18. PLEDGE OF ASSETS

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

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited) (Restated)
Investment properties	339,430,000	333,520,000
Leasehold land and land use right	12,621,693	12,390,143
Buildings	66,729,972	68,235,222
Time deposits	5,100,000	5,100,000
Financial assets at fair value through profit or loss	2,321,500	11,507,850
Available-for-sales financial assets	21,247,097	28,122,000
	<u>447,450,262</u>	<u>458,875,215</u>

SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

19. RELATED PARTIES TRANSACTIONS

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

	Six months ended 30 September	
	2011 HK\$ (Unaudited)	2010 HK\$ (Unaudited)
(i) Income received from associates of the Group: – sharing of production overheads	–	2,055
(ii) Payment to an associate of the Group – sub-contracting charge	–	73,235
(iii) Payment to a company in which the Chairman of the Group has controlling interest – rental expenses	428,736	382,800
(iv) Interest payment to related companies in which the Chairman has controlling interest	475,062	236,271
(v) Remuneration of the other key management personnel was disclosed as follows:		
Short-term employee benefits	1,717,069	1,444,637
MPF contribution	49,047	35,915
(vi) Remuneration paid to close family members of key management personnel	363,015	324,609

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20. 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 HK\$5,009,115. However, SAR has made a counter claim to that constructor for the amount overpaid to him of 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 of the Company 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 2011 and 2010.

- (c) Furthermore, 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 statement of financial position 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.

Up to the date of this report, the outcome of the claims is still uncertain. As the directors of the Company 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 at 30 September 2011 and 2010.

21. EVENTS AFTER THE REPORTING PERIOD

No significant events took place subsequent to 30 September 2011.

22. COMPARATIVE FIGURES

Certain comparative figures have been restated / reclassified to conform with the current period's presentation.

- 23.** The unaudited condensed consolidated interim financial statements for the six months ended 30 September, 2011 have been reviewed by the Audit Committee of the Group.

INTERIM RESULTS

During this period, the Group's turnover was HK\$206.8 million (2010: HK\$173.7 million). The Group's operating profit before finance costs, share of profit of associates and profits tax amounted to HK\$26.8 million (2010: HK\$33.1 million) and the gain arising on change in fair value of investment properties was HK\$21 million (2010: HK\$30.4 million). The profit before tax for the period was HK\$24.6 million (2010: HK\$30.6 million), representing a decrease of 19.6% over the comparable figure of last year. This decrease in profit before tax was primarily attributable to the decline in gain arising on change in fair value of the Group's investment properties of HK\$9 million, an increase in loss arising on change in fair value of financial assets at fair value through profit or loss of HK\$5 million, an increase of HK\$2 million in allowance on bad and doubtful debts, a drop in operating loss of HK\$7 million in the plastics material manufacturing and trading business, an increase of HK\$2 million in hotel income and an increase of HK\$1 million in dividend income as compared to the same period of last year. Profit attributable to owners of the Company for the first half of the year amounted to HK\$21 million (2010: HK\$28.4 million).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2011 (2010: Nil).

A dividend of HK\$6,522,565 proposed for the year ended 31 March 2011 was paid in August 2011 (2010: HK\$6,522,565).

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 million (2010: HK\$9.1 million), representing a slightly drop of 1.1% from the same period of last year. For the six months ended 30 September 2011, the Group's investment properties recorded a gain arising on change in fair value of HK\$21 million (2010: HK\$30.4 million).

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Hotel

On top of the advantages of its prime location and benefits from increasing visitors to Hong Kong and various major activities including the Universiade 2011 in Shenzhen, Hotel Benito showed favourable results for the six months period ended 30 September 2011 with occupancy, average room rates and overall gross operating margins picking up. During the period, the income from the Hotel amounted to HK\$10.4 million (2010: HK\$8.3 million), representing an increase of 25.3% from the same period of last year.

Manufacturing and Distribution of Plastic Packaging Materials

During the period, the business recorded a turnover of HK\$175.7 million (2010: HK\$145.7 million) representing an increase of 20.6% from the same period of last year. The operating loss before finance cost, share of loss of associates and profits tax was HK\$1.9 million (2010: HK\$9 million). To cope with improving operating performance but still suffering operating loss, we shall continue to review the organisation structure, enhance the efficiency for production equipments and scrutinise the operating expenses of each department.

Our industrial and retailing businesses in Mainland continued to grow during the period and we have built a strong platform of over 600 retail outlets in Mainland China and promotion of our Nan Sing products in supermarket chain such as Carrefour, Vanguard and Lotus. We have further expanded our presence in the Southern and Eastern China and achieved critical mass through intense marketing campaigns for Nan Sing brand.

Stock Broking and Finance

The Quantitative Easings (QE1 and QE2) performed by the US Government failed to revive economic growth and had instead flooded the market with large amount of capital, pushing up commodities and stock prices. Economic recovery is still slow in the US and chances of a recession cannot be discounted.

Europe's sovereign debt crisis has no sign of abating and has spread from Greece to Italy and Spain etc., shocking worldwide financial markets. Investors and long-only funds lost confidence and scaled down their holdings. Global financial markets dropped substantially in second and third quarter of the year. The Hang Seng Index fell from 23,801 as at 1 April 2011 to 17,592 as at 30 September 2011 with a drop of 6,209 points or roughly 26%.

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For the six months ended 30 September 2011, the business recorded a 9.9% increase in turnover volume as compared to the same period of last year as we expanded the number of branches. Net brokerage commission received slightly drop 4.2% to HK\$9.29 million (2010: HK\$9.7 million). Interest earned from margin clients rose 12.2% to HK\$4.24 million (2010: HK\$3.78 million). There was an operating loss HK\$1.9 million (2010: profit HK\$4 million) due to loss arising on change in fair value of financial assets at fair value through profit or loss amounted to HK\$6 million (2010: HK\$0.6 million) and provisions of bad debt totaling HK\$1.78 million.

Capital Commitments

As at 30 September 2011, the Group had no capital commitment (31 March 2011: Nil) in respect of acquisition of plant and equipment.

Liquidity and Financial Resources

The Group takes a prudent 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 2011, cash and bank balances together with time deposits were HK\$69.6 million (31 March 2011: HK\$26.1 million) with trade and other receivables at HK\$124.8 million (31 March 2011: HK\$185.9 million). Trade and other payables were HK\$124.8 million (31 March 2011: HK\$131 million). The decreases in trade receivables and trade payables were mainly attributed to the stock broking and finance business from a drop in the number of IPOs and a drop in market total turnover.

As at 30 September 2011, the Group's bank borrowings decreased from HK\$271.8 million of the last year-end date to HK\$262.4 million of this period, in which the short-term borrowings amounted to HK\$190 million (31 March 2011: HK\$187.4 million) and long-term borrowings amounted to HK\$72.4 million (31 March 2011: HK\$84.4 million). The Group's current period net debt to equity ratio was 26.8% (31 March 2011: 34.7%), calculated on the basis of the Group's net borrowings (after bank balances and cash together with time deposit) over total equity attributable to owners of the Company. The decreases in bank borrowings and the net debt to equity ratio during the period were mainly due to decreases in bank loans, and finance for margin clients and the IPOs at the end of the period.

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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 2011.

Capital Structure

As at 30 September 2011, the Group's total equity attributable to owners of the Company amounted to HK\$720.6 million (31 March 2011: HK\$708.6 million). The Group's consolidated net assets per share as at 30 September 2011 was HK\$3.35 (31 March 2011: HK\$3.30).

Contingent Liabilities

Details of the Group's contingent liabilities are set out in note 20 on page 28.

Pledge of Assets

Details of the Group's pledge of assets are set out in note 18 on page 26.

Employees and Remuneration Policies

The Group had 887 employees as at 30 September 2011. The remuneration policies are determined with reference to the market conditions and individual performance of staff.

OUTLOOK

The global economic outlook continues to be impacted by the faltering US economy and the sovereign debt crisis in Europe. High inflationary pressure and credit tightening measures in China also hinder business development. Despite facing considerable challenges, the Group remains cautiously optimistic and will continue to explore new opportunities. The Group plans to invest more resources and capital to expand its core businesses.

Property Investment and Development

Hong Kong will continue to benefit from the ongoing growth of the Chinese and Asian economies. In light of this, if interest rates stay low, the local property market will continue to be supported. Rental incomes of the Group's investment properties are expected to remain stable since rental leases are secured by long-term tenancy agreements.

Hotel

Economies of Mainland China will continue to grow progressively, and its opening up of travel visa requirements will further gear up the demand in local leisure, retails and hotel accommodation for coming year. Situate at Tsimshatsui's tourist and shopping areas, Hotel Benito is expecting its total revenue to step up to a farther extent this year, resulting from an increase in both occupancy and average room rate.

Manufacturing and Distribution of Plastic Packaging Materials

The manufacturing sector in Mainland China has been coping with a challenging business environment. The expected increase in minimum wages in Guangdong province continuously in coming year and manufacturers have been obliged to raise the level of wages repeatedly in order to retain skilled workers amid tight labour supply inevitably drive up operating costs in China. The combined effect of instability of power supply, high inflation rate, ongoing appreciation of Renminbi and volatility in global raw material prices bring increasing pressure on operating costs to Mainland China manufacturers.

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 regions apart from Southern and Eastern China.

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Stock Broking and Finance

In the short term, markets will continue to fluctuate as investors focus on the progression and outcome of the European sovereign debt crisis. A quick resolution seems improbable given the differences in political views and financial strength between the various countries.

With the US and European fiscal deficit, slowing economies and the resulting drop in demand affecting China's exports, financial markets in China and Hong Kong will continue to remain under pressure.

Stockwell Commodities Ltd will resume its futures business in January 2012 to provide a more comprehensive service to our 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 2011, 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 (Note 1)
	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	–	84,840,445 (Note 2)	–	40.12
Mr. Chua Nai King	7,635,751	–	2,814,365 (Note 2)	16,910,355 (Note 3)	12.58
Mr. Nelson Junior Chua	1,173,800	–	–	–	0.54
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. Samuel Siy Yap	1,410,678	–	–	–	0.65
Mr. Tsai Han Yung	4,964,029	–	–	–	2.28
Ms. Vivian Chua	1,000,000	–	–	–	0.46
(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 Peso 1,000.00 each)					
Mr. Chua Nai Tuen	7,200	13,600	4,000 (Note 2)	–	31.00
Mr. Jimmy Siy Tiong	1,600	–	–	–	2.00
Mr. Rene Siy Chua	6,400	–	–	–	8.00

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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 2011.

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.

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 2011 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 2011 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")	53,136,808	24.44
Sonliet Investment Company Limited ("Sonliet")	31,703,637	14.58
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 2011.

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 2011, 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 2011, 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, 30 November 2011

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.