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**SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED**

**華信地產財務有限公司**

*(Incorporated in Hong Kong with limited liability)*

Stock Code: 252

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

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

**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 (collectively the “Group”) for the six months ended 30 September 2012 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 2012

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Notes</i>	<b>2012</b>	2011
		<b>HK\$</b>	<b>HK\$</b>
		<b>(Unaudited)</b>	(Unaudited)
Turnover	4	<b>203,718,004</b>	206,780,268
Cost of sales		<b>(161,491,635)</b>	(166,341,564)
Gross profit		<b>42,226,369</b>	40,438,704
Other revenue and other income	5	<b>4,906,533</b>	7,056,971
Gain arising on change in fair value of investment properties		<b>54,545,716</b>	21,023,785
Loss arising on change in fair value of financial assets at fair value through profit or loss		<b>(1,202,105)</b>	(6,048,050)
Distribution expenses		<b>(7,470,344)</b>	(9,578,082)
Administration expenses		<b>(28,264,397)</b>	(25,319,363)
Other operating expenses		<b>(576,915)</b>	(792,343)
Profit from operations	6	<b>64,164,857</b>	26,781,622
Finance costs	7	<b>(4,417,704)</b>	(3,160,949)
Share of profits of associates		<b>1,193,320</b>	977,685
Profit before tax		<b>60,940,473</b>	24,598,358
Income tax expense	8	<b>(1,897,230)</b>	(2,995,156)
Profit for the period		<b>59,043,243</b>	21,603,202
Profit attributable to:			
Owners of the Company		<b>57,972,378</b>	21,044,922
Non-controlling interests		<b>1,070,865</b>	558,280
		<b>59,043,243</b>	21,603,202
Earnings per share			
Basic and diluted	9	<b>26.66 cents</b>	9.68 cents

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 September 2012*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Profit for the period	<b>59,043,243</b>	21,603,202
Other comprehensive income:		
Available-for-sale financial assets:		
Gain (loss) arising on change in fair value	<b>1,565,448</b>	(7,211,497)
Reclassification adjustments relating to disposal of available-for-sale financial assets during the period	<b>137,777</b>	–
Exchange differences arising on translation of financial statements of overseas subsidiaries	<b>(1,802,359)</b>	4,471,453
Share of exchange reserve of associates	<b>(9,946)</b>	60,879
Total comprehensive income for the period	<b><u>58,934,163</u></b>	<u>18,924,037</u>
Total comprehensive income attributable to:		
Owners of the Company	<b>58,759,215</b>	18,441,630
Non-controlling interests	<b>174,948</b>	482,407
	<b><u>58,934,163</u></b>	<u>18,924,037</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

		30 September 2012	31 March 2012
	<i>Notes</i>	<i>HK\$</i> (Unaudited)	<i>HK\$</i> (Audited)
<b>NON-CURRENT ASSETS</b>			
Investment properties		599,020,674	544,474,958
Property, Plant and equipment		210,012,547	214,728,338
Leasehold land and land use right		13,239,358	13,538,989
Interests in associates		69,985,911	68,582,558
Available-for-sale financial assets		27,890,856	26,323,909
Intangible assets		3,702,706	3,702,706
Other assets		3,162,195	3,052,178
		927,014,247	874,403,636
<b>CURRENT ASSETS</b>			
Inventories		73,418,305	85,737,359
Trade and other receivables	10	189,533,689	141,405,213
Financial assets at fair value through profit or loss	11	7,041,983	8,244,088
Deposits and prepayments		5,295,219	5,158,067
Tax prepaid		2,261,593	2,852,511
Time deposits		4,100,000	4,100,000
Trust accounts of shares dealing clients		67,749,239	54,326,889
Cash and bank balances		32,423,885	60,940,600
		381,823,913	362,764,727
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	123,740,862	151,845,873
Amounts due to related companies		14,249,915	2,489,954
Amount due to an associate		1,585,455	1,366,096
Bank loans and overdrafts		144,449,852	213,283,485
Taxation		2,639,134	2,435,174
		286,665,218	371,420,582
<b>NET CURRENT ASSETS (LIABILITIES)</b>		<b>95,158,695</b>	<b>(8,655,855)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,022,172,942</b>	<b>865,747,781</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

At 30 September 2012

	<b>30 September</b>	31 March
	<b>2012</b>	2012
<i>Notes</i>	<b>HK\$</b>	<b>HK\$</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT LIABILITIES</b>		
Bank Loans	<b>169,257,334</b>	65,377,583
Amount due to a non-controlling interest	<b>2,664,500</b>	2,664,500
Deferred tax liabilities	<b>3,815,822</b>	3,682,008
	<b>175,737,656</b>	71,724,091
<b>NET ASSETS</b>	<b>846,435,286</b>	794,023,690
<b>CAPITAL AND RESERVES</b>		
Share capital	13 <b>217,418,850</b>	217,418,850
Reserves	<b>617,230,078</b>	566,064,295
	<b>834,648,928</b>	783,483,145
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>834,648,928</b>	783,483,145
Non-controlling interests	<b>11,786,358</b>	10,540,545
	<b>846,435,286</b>	794,023,690
<b>TOTAL EQUITY</b>	<b>846,435,286</b>	794,023,690

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2012*

## 1. BASIS OF PREPARATION

The 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”).

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss, 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 2012.

The Interim Financial Statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2012.

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

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The accounting policies used in the preparation of these Interim Financial Statements are the same as those adopted in preparing the annual financial statements of the Group for the year ended 31 March 2012 except for the new adoption of “HKFRSs”, HKAS and interpretations as disclosed below.

The Group has applied the following new and revised standards and interpretations (the “new and revised HKFRSs”) issued by the HKICPA, which are effective for the first time for the current period’s financial statements:

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets

The adoption of the new and revised HKFRSs had no material effect on how the financial performance and position for the current or prior accounting periods have been prepared and presented.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective in these financial statements.

Amendment to HKFRSs	Annual Improvements 2009-2011 Cycle <sup>2</sup>
HKFRS 1 (Amendments)	Government Loan <sup>2</sup>
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities <sup>2</sup>
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosures <sup>4</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 10	Consolidated Financial Statements <sup>2</sup>
HKFRS 11	Joint Arrangements <sup>2</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>2</sup>
HKFRS 13	Fair Value Measurement <sup>2</sup>
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income <sup>1</sup>
HKAS 19 (Revised)	Employee Benefits <sup>2</sup>
HKAS 27 (Revised)	Separate Financial Statements <sup>2</sup>
HKAS 28 (Revised)	Investments in Associates and Joint Ventures <sup>2</sup>
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities <sup>3</sup>
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2015

## 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, futures and finance.

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 expense 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.

### 3. SEGMENT INFORMATION (Continued)

The revenue from external parties reported to the directors of the Company is measured in a manner consistent with that in the condensed 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, futures and finance	Securities investment, futures dealing (recommenced business in January 2012), provision of financial investment services and in trading securities

#### I) Segment revenues and results

	Six months ended 30 September 2012			
	Property investments and development/ hotel <i>HK\$</i> (Unaudited)	Manufacturing distribution of plastics packaging materials <i>HK\$</i> (Unaudited)	Stock broking, futures and finance <i>HK\$</i> (Unaudited)	Total <i>HK\$</i> (Unaudited)
Turnover				
External sales	<u>21,581,717</u>	<u>174,042,041</u>	<u>8,094,246</u>	<u>203,718,004</u>
Segment result	10,478,175	762,389	(1,621,423)	9,619,141
Gain arising on change in fair value of investment properties	<u>54,545,716</u>	-	-	<u>54,545,716</u>
Profit (loss) from operations	<u>65,023,891</u>	<u>762,389</u>	<u>(1,621,423)</u>	<u>64,164,857</u>
Unallocated finance costs	-	-	-	(4,417,704)
Share of profits (losses) of associates	1,229,860	(36,540)	-	<u>1,193,320</u>
Profit before tax				60,940,473
Unallocated income tax expense				<u>(1,897,230)</u>
Profit for the period				<u>59,043,243</u>
Depreciation & amortisation	2,205,831	4,696,660	305,365	7,207,856
Capital expenditure	46,053	3,512,705	123,318	3,682,076



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

#### I) Segment revenues and results *(Continued)*

	Six months ended 30 September 2011			
	Property investments and development/ hotel <i>HK\$</i> (Unaudited)	Manufacturing distribution of plastics packaging materials <i>HK\$</i> (Unaudited)	Stock broking, futures and finance <i>HK\$</i> (Unaudited)	Total <i>HK\$</i> (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 value of investment properties	21,023,785	–	–	21,023,785
Profit (loss) from operations	30,599,301	(1,895,559)	(1,922,120)	26,781,622
Unallocated finance costs	–	–	–	(3,160,949)
Share of profits (losses) 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

3. SEGMENT INFORMATION (Continued)

II) Geographical segment

	Turnover	
	Six months ended	
	30 September	
	2012	2011
	<i>HK\$</i>	<i>HK\$</i>
	(Unaudited)	(Unaudited)
Hong Kong	44,850,063	44,438,590
North America	23,635,646	23,532,606
Oceania	15,001,832	13,891,154
Europe	14,208,506	17,370,791
PRC	48,321,891	49,502,011
Other Asian countries	57,700,066	58,045,116
	<u>203,718,004</u>	<u>206,780,268</u>

4. TURNOVER

	Six months ended	
	30 September	
	2012	2011
	<i>HK\$</i>	<i>HK\$</i>
	(Unaudited)	(Unaudited)
Sale of goods	174,042,042	175,717,514
Gross rental income	10,196,829	9,044,665
Brokerage commission	7,775,384	9,291,484
Hotel income	11,384,887	10,377,707
Dividend income		
– Listed equity securities	318,862	2,348,898
	<u>203,718,004</u>	<u>206,780,268</u>

5. OTHER REVENUE AND OTHER INCOME

	Six months ended	
	30 September	
	2012	2011
	<i>HK\$</i>	<i>HK\$</i>
	(Unaudited)	(Unaudited)
Interest income	3,472,122	4,300,432
Other income	1,281,688	2,272,025
Net gain on disposal of property, plant and equipment	81,599	155,488
Reversal of impairment loss in respect of trade and other receivables	71,124	329,026
	<u>4,906,533</u>	<u>7,056,971</u>

## 6. PROFIT FROM OPERATIONS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<i>HK\$</i>	<i>HK\$</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit from operations is arrived at after charging (crediting):		
Cost of inventories sold	<b>128,694,809</b>	131,434,105
Impairment loss in respect of trade and other receivables	<b>76,839</b>	1,778,426
Exchange loss	<b>398,110</b>	–
Staff costs (including directors' remuneration)		
Salaries, wages and allowances	<b>26,371,731</b>	24,234,354
Staff benefits	<b>1,531,157</b>	1,706,053
Defined contribution plans	<b>397,047</b>	343,640
	<b>28,299,935</b>	26,284,047
Operating lease rental in respect of office premises	<b>1,898,754</b>	1,261,846
Amortisation of leasehold land and land use right	<b>139,282</b>	186,206
Depreciation of property, plant and equipment	<b>7,068,574</b>	6,757,252
Gross rental income from investment properties	<b>(10,196,829)</b>	(9,044,665)
Less: Direct outgoing expenses from investment properties that generated rental income during the period	<b>6,660</b>	7,400
	<b>(10,190,169)</b>	(9,037,265)
	<b>=====</b>	<b>=====</b>

## 7. FINANCE COSTS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<i>HK\$</i>	<i>HK\$</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interests on:		
Bank loans and overdrafts wholly repayable within five years	<b>1,601,863</b>	1,801,697
over five years	<b>1,810,352</b>	508,127
Amounts due to related companies	<b>260,845</b>	533,452
Other borrowings	<b>2,592</b>	2,292
Bank charges	<b>742,052</b>	315,381
	<b>=====</b>	<b>=====</b>
	<b>4,417,704</b>	3,160,949
	<b>=====</b>	<b>=====</b>

## 8. INCOME TAX EXPENSE

	Six months ended	
	30 September	
	2012	2011
	HK\$	HK\$
	(Unaudited)	(Unaudited)
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	1,625,799	2,613,740
Under provision:		
Hong Kong Profits Tax	137,617	–
Deferred tax:		
Current period charged	133,814	381,416
Tax charge for the period	<u>1,897,230</u>	<u>2,995,156</u>

Hong Kong Profits tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profit for the period. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2011: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 9. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to the owners of the Company of HK\$57,972,378 (2011: HK\$21,044,922) and the number of outstanding ordinary shares in issue during the period 217,418,850 (2011: 217,418,850) shares.

## 10. TRADE AND OTHER RECEIVABLES

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

	30 September	31 March
	2012	2012
	HK\$	HK\$
	(Unaudited)	(Audited)
Trade receivable from:		
Clearing house and cash clients	38,773,583	17,573,663
Secured margin clients	90,892,580	64,667,777
Others	45,043,557	52,732,013
	<u>174,709,720</u>	<u>134,973,453</u>
Less: Allowance on bad and doubtful debts	<u>(6,334,543)</u>	<u>(6,334,543)</u>
	<u>168,375,177</u>	<u>128,638,910</u>
Other receivables	21,158,512	12,766,303
	<u>189,533,689</u>	<u>141,405,213</u>

## 10. TRADE AND OTHER RECEIVABLES *(Continued)*

The aging 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 as follows:

	<b>30 September 2012 HK\$ (Unaudited)</b>	31 March 2012 HK\$ (Audited)
Repayable on demand margin clients receivables	<b>90,892,580</b>	64,667,777
0 – 30 days	<b>63,733,921</b>	50,994,534
31 – 60 days	<b>7,845,716</b>	6,578,633
Over 60 days	<b>5,902,960</b>	6,397,966
	<b><u>168,375,177</u></b>	<b><u>128,638,910</u></b>

Included in trade receivables, HK\$90,892,580 (net of allowance on bad and doubtful debts) (31 March 2012: HK\$64,667,777) 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 2012, the total market value of securities pledged as collateral by the customers in respect of the advances to customers is HK\$115,859,515 (31 March 2012: HK\$93,066,180). No aging 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.

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.

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 2012 and 31 March 2012.

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

	<b>30 September</b>	31 March
	<b>2012</b>	2012
	<b>HK\$</b>	<b>HK\$</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trading Securities listed in Hong Kong	<b><u>7,041,983</u></b>	<u>8,244,088</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\$6,110,250 (31 March 2012: HK\$8,198,750) have been pledged to secure general banking facilities granted to the Group.

## 12. TRADE AND OTHER PAYABLES

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

	<b>30 September</b>	31 March
	<b>2012</b>	2012
	<b>HK\$</b>	<b>HK\$</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade payables to:		
Clearing house and cash clients	<b>76,796,562</b>	60,749,924
Secured margin clients	<b>8,272,819</b>	40,494,868
Others	<b>13,190,912</b>	23,886,445
	<b><u>98,260,293</u></b>	<u>125,131,237</u>
Other payables	<b>25,480,569</b>	26,714,636
	<b><u>123,740,862</u></b>	<u>151,845,873</u>

The aging analysis of the Group's trade payables at the end of the reporting period is as follows:

	<b>30 September</b>	31 March
	<b>2012</b>	2012
	<b>HK\$</b>	<b>HK\$</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
0 – 30 days	<b>91,583,512</b>	114,507,318
31 – 60 days	<b>4,674,016</b>	5,511,682
Over 60 days	<b>2,002,765</b>	5,112,237
	<b><u>98,260,293</u></b>	<u>125,131,237</u>

Included in 30 September 2012 trade payables, HK\$76,796,563 (31 March 2012: HK\$60,749,924) are amounts payable to clearing house and cash clients which would be due within 30 days.

### 13. SHARE CAPITAL

	<b>30 September 2012 HK\$ (Unaudited)</b>	31 March 2012 HK\$ (Audited)
Authorised: 500,000,000 shares of HK\$1.00 each	<b><u>500,000,000</u></b>	<u>500,000,000</u>
Issued and fully paid: 217,418,850 shares of HK\$1.00 each	<b><u>217,418,850</u></b>	<u>217,418,850</u>

### 14. PLEDGE OF ASSETS

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

	<b>30 September 2012 HK\$ (Unaudited)</b>	31 March 2012 HK\$ (Audited)
Investment properties	<b>419,241,000</b>	384,301,000
Leasehold land and land use right	<b>12,258,244</b>	12,546,334
Buildings	<b>75,700,834</b>	77,281,060
Time deposits	<b>4,100,000</b>	4,100,000
Financial assets at fair value through profit or loss	<b>6,110,250</b>	8,198,750
Available-for-sales financial assets	<b>25,750,256</b>	24,188,309
	<b><u>543,160,584</u></b>	<u>510,615,453</u>

### 15. COMPARATIVE FIGURES

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

## **INTERIM RESULTS**

During this period, the Group's turnover was HK\$203.7 million (2011: HK\$206.8 million). The profit before tax for the period was HK\$60.9 million (2011: HK\$24.6 million), representing an increase of 148% over the comparable figure of last year. This increase in profit before tax was primarily attributable to the increase in gain arising on change in fair value of the Group's investment properties of HK\$33.5 million and a drop in loss arising on change in fair value of financial assets at fair value through profit or loss of HK\$4.8 million 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\$58 million (2011: HK\$21 million).

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2012 (2011: Nil).

A dividend of HK\$6,522,565 proposed for the year ended 31 March 2012 was paid in August 2012 (2011: 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 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\$10.2 million (2011: HK\$9 million), representing an increase of 13.3% from the same period of last year. For the six months ended 30 September 2012, the Group's investment properties recorded a gain arising on change in fair value of HK\$54.5 million (2011: HK\$21 million).

#### *Hotel*

On top of the advantages of its prime location and benefits from increasing visitors to Hong Kong, Hotel Benito showed favourable results for the six months period ended 30 September 2012 with occupancy, average room rates and overall gross operating margins picking up. During the period, the income from the Hotel amounted to HK\$11.4 million (2011: HK\$10.4 million), representing an increase of 9.6% from the same period of last year.



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

During the period, the business recorded a turnover of HK\$174 million (2011: HK\$175.7 million) representing a slightly drop of 1% from the same period last year. The operating profit before finance cost, share of loss of associates and profits tax was HK\$0.76 million (2011: loss HK\$1.9 million). The turnaround is primarily attributable to the reduction of our operating costs.

Faced with the uncertainties over the demand around the world, our manufacturing business did well to weather the challenges ahead by minimizing the wastage in production, tightening our operating expenses as well as streamlining our workforce.

Our retail business in Mainland China continued to grow during the period as we expanded our presence in the supermarkets and hypermarkets outside Southern and Eastern China via our network of distributors as well as widening our product range to cater for different consumer needs.

### *Stock Broking, Futures and Finance*

During the period, the macro economic environment dominated the Hong Kong stock market. Given that the Western countries are trying to recover from the financial tsunami and European Debt Crisis, there remained a challenging period of the second and third quarters in 2012 for our business sector.

Hang Seng Index fell to its lowest point of 18,056 on 4 June 2012 and rebounded to 20,840 at the end of September 2012. Investors and long funds were conservative and observed the recovery progress. After the launch of Quantitative Easing 3 (QE3) in mid-September 2012 and the announcement by the US Federal Reserve that short term interest rates will be maintained at near-zero levels until mid 2015, worldwide investment markets were able to stabilize.

However, investors also worried about potential political and policies uncertainties arising from the US presidential election and China's leadership transition. Average daily turnover of the Hong Kong stock market dropped 33% to around HK\$50 billion (2011: HK\$75 billion) for the six months ended 30 September 2012 as compared to same period of last year and the low volume presents tremendous challenges to the industry. With local brokerage firms and banks joining the commission price war, the market share of our business was inevitably affected to a certain extent.

Due to the weak market sentiment, clients are less inclined to hold stocks. The gross brokerage commission received of the stock broking business for the six months ended 30 September 2012 dropped 49.7% to HK\$4.7 million (2011: HK\$9.3 million). Interest earned from the margin clients dropped by 20.3% to HK\$3.4 million (2011: HK\$4.2 million). Moreover, the dividend income was HK\$0.3 million (2011: HK\$ 0.06 million). The gain arising on change in fair value of financial assets at fair value through profit or loss amounted to HK\$0.04 million (2011: loss HK\$1.1 million).

Stockwell Commodities Limited, a wholly-owned subsidiary of the Group has recommenced business in January 2012, providing a platform for the trading of Hong Kong Futures Exchange products. For the six months ended 30 September 2012, the gross brokerage commission received was HK\$3.1 million (2011: Nil). There was no dividend income for the period (2011: HK\$1.8 million). The loss arising on change in fair value of financial assets at fair value through profit or loss amounted to HK\$1.2 million (2011: loss HK\$4.9 million).

The operating loss for stock broking, futures and finance business was HK\$1.6 million (2011: loss HK\$1.9 million).

### **Capital Commitments**

As at 30 September 2012, the Group had no capital commitment (31 March 2012: 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 2012, cash and bank balances together with time deposits were HK\$36.5 million (31 March 2012: HK\$65 million) with trade and other receivables at HK\$189.5 million (31 March 2012: HK\$141.4 million). Trade and other payables were HK\$123.7 million (31 March 2012: HK\$151.8 million). The increases in trade and other receivables were mainly attributed to increased margin clients receivables in stock broking, futures and finance business.

As at 30 September 2012, the Group's bank borrowings increased from HK\$278.7 million of the last year-end date to HK\$313.7 million of this period, in which the short-term borrowings amounted to HK\$144.4 million (31 March 2012: HK\$213.3 million) and long-term borrowings amounted to HK\$169.3 million (31 March 2012: HK\$65.4 million). The Group's current period net debt to equity ratio was 34.9% (31 March 2012: 27.6%), 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 increases in bank borrowings and the net debt to equity ratio during the period were mainly due to the increases in trade and margin clients receivables during 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. The Group has no significant exposure to foreign exchange rate fluctuations. The management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure where appropriate.

## **Material Acquisitions and Disposals**

The Group had no material acquisitions or disposals of subsidiaries or associated companies during the six months ended 30 September 2012.

## **Capital Structure**

As at 30 September 2012, the Group's total equity attributable to owners of the Company amounted to HK\$834.6 million (31 March 2012: HK\$783.5 million). The Group's consolidated net assets per share as at 30 September 2012 was HK\$3.89 (31 March 2012: HK\$3.65).

## **Pledge of Assets**

Details of the Group's pledge of assets are set out in note 14 on page 15.

## **Employees and Remuneration Policies**

The Group had 652 employees as at 30 September 2012. The remuneration policies are determined with reference to the market conditions and individual performance of staff.

## **OUTLOOK**

The global economy is undergoing a slow recovery in light of the challenges of the continuing European debt crisis and the slow recovery of the US economy. China's economy is also expected to have steady economic growth in conjunction with the change in Chinese government leadership. 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 economy will inevitably be affected by the uncertain global economic environment. However, the low interest rate environment will continue to benefit the local property market. Rental incomes of the Group's investment properties are expected to remain stable since rental leases are secured by long-term tenancy agreements.

### *Hotel*

The steady growth of Hong Kong visitors will support the demand in local leisure, retails and hotel accommodation for coming year. Situate at Tsimshatsui's tourist and shopping areas, Hotel Benito is expecting a modest growth in total revenue this year, resulting from an increase in both occupancy and average room rate.

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

Manufacturing in Mainland China remained difficult with the ongoing appreciation of the Renminbi coupled with the fast-inflating labor costs. Furthermore, the potential fallout from the China-Japan dispute, the uncertainty over “Fiscal Cliff” after the US presidential election as well as the slowdown of the Chinese economy will inevitably affect the outlook of our business.

Faced with the challenges ahead, we will continue to streamline the production process to enhance our productivity and strive to become more service-orientated and technology-driven to stay competitive in China.

The Group strongly believes that the spending power in China will increase rapidly as the PRC Government places strong emphasis on maintaining economic stability locally by generating wealth among the people to build up domestic market and to minimize the reliance on export market.

Since we have established ourselves in Carrefour nationwide, the Group will seize this opportunity to revamp our Nan Sing product brand identity and package design to unified our image and strengthen our loyalty. We will continue to expand our distribution channel and broaden our disposable household goods portfolio in the secondary and tertiary cities and towns in Mainland China.

### *Stock Broking, Futures and Finance*

US stock market has risen to its highest point since the financial crisis, together with the unfavorable situation in Europe, worldwide capital funds and investors are planning to reallocate their investment portfolio back to the developing countries in Asia. Moreover, the Shanghai Composite Index and the Hang Seng China Enterprises Index are trading at attractive price/earning ratio (P/E ratio) of around 12 and 9 respectively.

In view of the above, our business may benefit from the money flow and we expect better performances in the forth quarter.

## **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.

## **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 2012, 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.

## **PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE**

The Company's interim report for the six months ended 30 September 2012 will be despatched to the shareholders of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) under "Latest Listed Company Information" and on the website of the Company at [www.seapnf.com.hk](http://www.seapnf.com.hk) under "Financial Reports" in due course.

By Order of the Board  
**CHUA NAI TUEN**  
*Chairman and Managing Director*

Hong Kong, 30 November 2012

*As at the date of this announcement, 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. Rene Siy Chua, Mr. Samuel Siy Yap, Mr. Tsai Han Yung and Ms. Vivian Chua; and (3) Independent non-executive directors: Mr. Chan Siu Ting, Mr. James L. Kwok, Mr. Wong Shek Keung, Mr. Tsui Ka Wah and Mr. Tsai Sui Cheung, Andrew.*