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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 2009**

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 2009 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 2009

		Six months ended 30 September	
	Notes	2009 HK\$ (Unaudited)	2008 HK\$ (Unaudited)
TURNOVER	4	147,397,316	198,935,566
COST OF SALES		<u>(111,274,122)</u>	<u>(157,614,021)</u>
GROSS PROFIT		36,123,194	41,321,545
OTHER REVENUES	5	8,735,307	3,983,898
CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES		56,985,678	18,417,000
DISTRIBUTION EXPENSES		(5,860,226)	(5,944,425)
ADMINISTRATIVE EXPENSES		(23,743,783)	(23,513,712)
OTHER OPERATING (EXPENSES) REVENUE		<u>(2,061,085)</u>	<u>1,008,965</u>
PROFIT FROM OPERATIONS	6	70,179,085	35,273,271
FINANCE COSTS	7	(2,266,759)	(4,561,442)
SHARE OF PROFIT OF ASSOCIATES		<u>656,383</u>	<u>2,717,914</u>
PROFIT BEFORE TAXATION		68,568,709	33,429,743
TAXATION	8	<u>(10,554,339)</u>	<u>(5,166,663)</u>
PROFIT FOR THE PERIOD		<u><u>58,014,370</u></u>	<u><u>28,263,080</u></u>
PROFIT ATTRIBUTABLE TO:			
EQUITY SHAREHOLDERS OF THE COMPANY		57,584,990	27,961,338
MINORITY INTERESTS		<u>429,380</u>	<u>301,742</u>
		<u><u>58,014,370</u></u>	<u><u>28,263,080</u></u>
EARNINGS PER SHARE	9	<u><u>26.5 cents</u></u>	<u><u>12.9 cents</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

	Six months ended	
	30 September	
	2009	2008
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Profit for the period	58,014,370	28,263,080
Other comprehensive income:		
Available-for-sale financial assets:		
Change in fair value recognised during the period	15,837,692	(839,766)
Reclassification adjustments for amount transferred to profit or loss:		
gains on disposal	—	12,528
Net movement in the available-for-sale financial assets revaluation reserve during the period	15,837,692	(827,238)
Exchange difference arising on translation of foreign operations	175,568	577,108
Share of reserve of associates	218,186	233,050
Total comprehensive income for the period	74,245,816	28,246,000
Attributable to:		
Equity shareholders of the Company	73,834,140	27,956,203
Minority Interests	411,676	289,797
	74,245,816	28,246,000

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2009

		30 September 2009 HK\$ (Unaudited)	31 March 2009 HK\$ (Audited)
	Notes		
NON-CURRENT ASSETS			
INVESTMENT PROPERTIES		365,804,637	308,818,959
PROPERTY, PLANT & EQUIPMENT		175,955,717	180,316,346
LEASEHOLD LAND AND LAND USE RIGHT		43,386,842	43,902,912
INTERESTS IN ASSOCIATES		65,793,897	64,359,669
AVAILABLE-FOR-SALE FINANCIAL ASSETS		36,260,051	19,131,267
INTANGIBLE ASSETS		3,702,706	3,702,706
DEFERRED TAX ASSETS		170,699	170,699
OTHER ASSETS		1,200,000	1,200,000
		<u>692,274,549</u>	<u>621,602,558</u>
CURRENT ASSETS			
INVENTORIES		58,766,879	41,233,957
TRADE AND OTHER RECEIVABLES	10	123,446,957	92,469,137
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	11	7,926,355	4,908,687
DEPOSITS AND PREPAYMENTS		3,803,992	4,759,318
TAX PREPAID		1,090,017	1,090,017
TIME DEPOSITS		5,100,085	7,100,000
TRUST ACCOUNTS OF SHARES DEALING CLIENTS		75,833,970	20,288,690
CASH AND BANK BALANCES		12,666,743	60,123,714
		<u>288,634,998</u>	<u>231,973,520</u>
CURRENT LIABILITIES			
TRADE AND OTHER PAYABLES	12	106,556,474	92,788,255
AMOUNTS DUE TO A RELATED COMPANY		12,747,224	12,748,515
BANK LOANS AND OVERDRAFTS		153,045,633	128,827,039
AMOUNT DUE TO AN ASSOCIATE		433,776	955,109
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	13	–	263,007
TAXATION PAYABLE		1,808,869	1,002,245
		<u>274,591,976</u>	<u>236,584,170</u>
NET CURRENT ASSETS (LIABILITIES)		<u>14,043,022</u>	<u>(4,610,650)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>706,317,571</u></u>	<u><u>616,991,908</u></u>

		30 September 2009 <i>Notes</i> HK\$ (Unaudited)	31 March 2009 HK\$ (Audited)
NON-CURRENT LIABILITIES			
LONG TERM BORROWINGS		88,002,280	76,547,167
DEFERRED TAX LIABILITIES		38,810,452	29,256,113
		<u>126,812,732</u>	<u>105,803,280</u>
NET ASSETS		<u>579,504,839</u>	<u>511,188,628</u>
CAPITAL AND RESERVES			
SHARE CAPITAL	14	217,418,850	197,653,500
RESERVES		348,110,442	294,041,652
PROPOSED DIVIDENDS		–	5,929,605
		<u>565,529,292</u>	<u>497,624,757</u>
SHAREHOLDERS' EQUITY		<u>565,529,292</u>	<u>497,624,757</u>
MINORITY INTERESTS		<u>13,975,547</u>	<u>13,563,871</u>
TOTAL EQUITY		<u>579,504,839</u>	<u>511,188,628</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2009

1. BASIS OF PREPARATION

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

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair value. The accounting policies used in these unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March, 2009.

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

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HKFRSs (Amendments)	Improvements to HKFRS issued in 2008
HKAS 27 (Amendments)	Consolidated and separate financial statements – cost of an investment in a subsidiary, joint controlled entity or associate
HKFRS 7 (Amendments)	Financial instruments: Disclosures – improving disclosures about financial instruments.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS14 “Segment Reporting”, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. The adoption of other new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements ¹
HKFRS 3 (Revised 2008)	Business Combinations ¹
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC)-Int 18	Transfers of Assets from Customers ³

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

² Amendments that are effective for annual period beginning on or after 1 July, 2009 or 1 January, 2010, as appropriate.

³ Effective for transfer on or after 1 July, 2009.

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

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The adoption of HKFRS 8 had no material effect on the presentation of segmental information.

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

	Six months ended 30 September 2009				
	Property development & investment/hotel <i>HK\$</i> (Unaudited)	Manufacturing & trading plastic packaging material <i>HK\$</i> (Unaudited)	Stock broking & finance <i>HK\$</i> (Unaudited)	Elimination <i>HK\$</i> (Unaudited)	Total <i>HK\$</i> (Unaudited)
Turnover					
External sales	14,906,667	118,041,564	14,449,085	–	147,397,316
Inter-segment sales	2,466,878	–	–	(2,466,878)	–
Total revenue	<u>17,373,545</u>	<u>118,041,564</u>	<u>14,449,085</u>	<u>(2,466,878)</u>	<u>147,397,316</u>
Operation result	5,608,520	(893,292)	9,478,179		14,193,407
Change in fair value of investment properties	56,985,678	–	–		56,985,678
Impairment loss on interest in associates	–	(1,000,000)	–		(1,000,000)
Segment results	<u>62,594,198</u>	<u>(1,893,292)</u>	<u>9,478,179</u>		<u>70,179,085</u>
Finance costs	–	–	–		(2,266,759)
Share of profit (loss) of associates	1,287,701	(631,318)	–		656,383
Profit before taxation					68,568,709
Taxation	(9,624,653)	70,314	(1,000,000)		(10,554,339)
Profit for the period					<u>58,014,370</u>
Depreciation & amortisation	2,398,097	4,501,166	168,537		7,067,800
Capital expenditure	532,614	1,822,783	60,440		2,415,837

Six months ended 30 September 2008

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

3. SEGMENT INFORMATION (Cont'd)

External sales by geographical area:

	Six months ended 30 September Turnover	
	2009	2008
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Hong Kong	41,726,432	44,841,375
Mainland China	15,399,181	13,391,435
North America	20,976,895	29,926,514
Europe	12,856,543	23,359,767
Oceania	15,999,686	20,333,032
Asia	39,901,657	66,367,270
Other	536,922	716,173
	<u>147,397,316</u>	<u>198,935,566</u>

4. TURNOVER

	Six months ended 30 September Turnover	
	2009	2008
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Sale of goods	118,041,564	167,537,822
Gross rental income	8,484,816	7,780,477
Brokerage commission	13,931,420	16,676,059
Hotel income	6,421,851	6,161,775
Dividend income	517,665	779,433
	<u>147,397,316</u>	<u>198,935,566</u>

5. OTHER REVENUES

	Six months ended 30 September	
	2009	2008
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Interest income	2,734,323	3,203,894
Other income	2,079,381	1,882,899
Consultancy & management fee	140,400	140,400
Realised gain on disposal of available-for-sales financial assets	–	445,463
Net loss on disposal of trading securities	(16,305)	(3,103)
Bad debts recovered	305,707	–
Change in fair value of trading securities	3,491,801	(1,685,655)
	<u>8,735,307</u>	<u>3,983,898</u>

6. PROFIT FROM OPERATIONS

	Six months ended 30 September	
	2009	2008
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Profit from operations is arrived at after charging:		
Cost of inventories sold	83,544,282	131,509,188
Exchange loss	414,061	985,906
Staff costs (including directors' remuneration)	20,430,162	20,432,019
Salaries, wages and allowance	18,441,707	18,564,048
Welfare	1,651,620	1,287,624
Defined contribution plans	330,916	365,333
Long service payment	5,919	215,014
Impairment loss on interest in associates	1,000,000	–
Operating lease rental in respect of land and buildings	914,725	951,418
Depreciation & amortisation	7,067,798	6,925,438
and after crediting:		
Gain on disposal of property, plant & equipment	–	1,078,081
Change in fair value of forward exchange contracts	–	1,131,804
Net rental income	8,098,568	7,556,007
Gross rental income from investment properties	8,484,816	7,780,477
Less: outgoings	(386,248)	(224,470)

7. FINANCE COSTS

	Six months ended 30 September	
	2009	2008
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Interest on:		
Bank loans and overdrafts wholly repayable		
within five years	1,446,613	3,615,893
over five years	291,808	172,200
Other borrowings	237,568	330,704
Bank charges	290,770	442,645
	<u>2,266,759</u>	<u>4,561,442</u>

8. TAXATION

	Six months ended 30 September	
	2009	2008
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Company and subsidiaries		
Hong Kong Profits tax	(1,000,000)	(1,660,000)
China profits tax	–	(115,000)
Deferred taxation in respect of:		
tax losses	(38,096)	26,815
fair value changes on investment properties	(9,402,636)	(3,038,805)
temporary differences	(113,607)	(379,673)
	<u>(10,554,339)</u>	<u>(5,166,663)</u>

Hong Kong Profits tax has been provided at the rate of 16.5% (2008:16.5%) on the estimated assessable profits arising in Hong Kong for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the business operates.

9. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to shareholders of HK\$57,584,990 (2008: HK\$27,961,338) and ordinary shares in issue of 217,418,850 shares (2008: 217,418,850 after adjusting for the bonus issue made on 28 August, 2009).

10. TRADE AND OTHER RECEIVABLES

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

	30 September 2009 HK\$ (Unaudited)	31 March 2009 HK\$ (Audited)
Repayable on demand margin clients receivables	58,415,327	37,795,652
0 – 30 days	45,047,274	28,103,781
31 – 60 days	8,140,970	13,805,315
Over 60 days	2,567,742	1,778,890
	114,171,313	81,483,638
Other receivables	9,275,644	10,985,499
	123,446,957	92,469,137

Included in trade receivables, HK\$58,415,327 (net of allowance on bad and doubtful debts) (31 March 2009: HK\$37,795,652) are advances to margin clients, which are secured by client's listed securities held by the Group as collateral and are interest bearing. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. As at 30 September 2009, the total market value of securities pledged as collateral by the customers in respect of the advances to customers is HK\$204,600,070 (31 March 2009: HK\$92,027,413). 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.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2009 HK\$ (Unaudited)	31 March 2009 HK\$ (Audited)
Trading Securities listed in Hong Kong	7,926,355	4,451,614
Forward exchange contracts	–	457,073
	7,926,355	4,908,687

12. TRADE AND OTHER PAYABLES

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

	30 September 2009 HK\$ (Unaudited)	31 March 2009 HK\$ (Audited)
0 – 30 days	81,507,797	67,952,310
31 – 60 days	5,737,797	4,339,308
Over 60 days	735,443	1,800
	87,981,037	72,293,418
Other payables	18,575,437	20,494,837
	106,556,474	92,788,255

Included in 30 September 2009 trade payables, HK\$66,271,515 (31 March 2009: HK\$49,302,762) are amounts payable to cash clients and clearing house which would be due within 1 month.

13. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2009 HK\$ (Unaudited)	31 March 2009 HK\$ (Audited)
Equity accumulators	–	–
Forward exchange contracts	–	263,007
	–	263,007

14. SHARE CAPITAL

	30 September 2009 HK\$ (Unaudited)	31 March 2009 HK\$ (Audited)
Authorised:		
500,000,000 shares of HK\$1.00 each (31 March 2009: 200,000,000)	500,000,000	200,000,000
Issued and fully paid:		
217,418,850 (31 March 2009: 197,653,500) shares of HK\$1.00 each	217,418,850	197,653,500

Pursuant to ordinary resolutions passed at the extraordinary general meeting held on 28 August, 2009, the authorised share capital of the Company was increased from HK\$200,000,000 to HK\$500,000,000 by the creation of an additional 300,000,000 shares of HK\$1.00 each and the issued share capital was increased to HK\$217,418,850 by applying HK\$19,765,350 from retained profits in payment in full at par of ordinary shares of HK\$1.00 each in the proportion of one new share for every ten existing shares held by shareholders whose names appear on the register of member on 28 August, 2009. The issued shares rank pari passu with the existing shares in all respects except that they did not rank for the final dividend paid on 4 September 2009.

15. CAPITAL COMMITMENTS

	30 September 2009 HK\$ (Unaudited)	31 March 2009 HK\$ (Audited)
Contracted for but not provided in the financial statements in respect of factory renovation and purchase of machines	—	2,131,060

16. CONTINGENT LIABILITIES

During the period, the constructor for the hotel renovation works claimed against the Company and SAP Realty Company Limited (“SAR”), a wholly owned subsidiary of the Group for an overdue balance of approximately HK\$5,009,115. However, SAR has made a counter claim to that constructor for the amount overpaid to him of about HK\$5,459,314, having taken into account the cost and the expenses incurred by SAR to rectify the defect in the works and the loss and damage caused by the constructor’s failure to complete the works on time. Up to the date of this report, the outcome of the proceedings is still uncertain. As the directors considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liability, if any, will not have a material adverse impact on the Group’s financial position, no provision was made as of 30 September 2009.

17. PLEDGE OF ASSETS

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

	30 September 2009 HK\$ (Unaudited)	31 March 2009 HK\$ (Audited)
Investment properties in Hong Kong.		
at total carrying value	265,800,310	217,081,602
Hotel buildings & leasehold land in Hong Kong		
at total carrying value	33,804,848	34,804,337
Self-used properties & leasehold land in Hong Kong		
at total carrying value	39,147,412	39,681,261
Time deposits	5,100,000	7,100,000
Financial assets at fair value through income statement	7,885,900	4,407,700
Available-for-sales financial assets	29,918,720	3,104,920
	381,657,190	306,179,820

18. COMPARATIVE FIGURES

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

- 19.** The unaudited condensed consolidated interim financial statements for the six months ended 30 September, 2009 have been reviewed by the Audit Committee of the Group.

INTERIM RESULTS

During this period, the Group's turnover was HK\$147.4 million (2008: HK\$198.9 million). The Group's operating profit before finance costs, share of profit of associates and profits tax amounted to HK\$70.2 million (2008: HK\$35.3 million). If the fair value changes on investment properties net of deferred tax of HK\$47.6 million were to be excluded (2008: HK\$15.4 million), the underlying profit for the period would have been HK\$10.4 million (2008: HK\$12.9 million), representing a decrease of approximately 19.1% over the comparable figure of last year. This decrease in profit was mainly due to the declines in the turnover of the plastics packaging material manufacturing and trading business as well as a fall in brokerage commission from the stock broking and finance business. Profit attributable to Shareholders for the first half of the year amounted to HK\$57.6 million (2008: HK\$27.9 million).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Property Investment and Development

The Group's investment properties, namely, the shops on the Ground Floor of Hotel Benito, the office unit in Silvercord at Tsimshatsui, the residential property at Essex Road, Kowloon Tong, the whole block of Nan Sing Industrial Building and the office/warehouse units in Kwai Tak Industrial Centre at Kwai Chung, together with the office units in Chao Shan Building and the residential property in Ming Yue Hua Yuan at Shenzhen, were all leased out and that generated a steady rental income of the Group during the period. The Group's rental income amounted to HK\$8.5 million, representing an increase of 9.0% from the same period of last year, as the Group did not dispose any of its properties during the period, no gain on disposal of properties was taken in the period. The Group also recorded an increase in the fair value changes of the Group's investment properties for the six months period ended 30 September 2009 amounted to HK\$57.0 million as a result of the recent turnaround of the property market (2008: HK\$18.4 million).

Hotel

The operation of Hotel Benito in Tsimshatsui's tourist and shopping areas in Hong Kong during the period was very stable and it gave a very promising return to the Group. During the period, the income from the hotel amounted to HK\$6.4 million, representing an increase of 4.2% from the same period last year. Occupancy remains high because of the increasing leisure travelling from Mainland China and further visa relaxation. Room rates have fallen due to the lack of higher yield commercial travellers because of the global economic slowdown.

Manufacturing and Distribution of Plastic Packaging Materials

During the period, the turnover of the business recorded a turnover of HK\$118.0 million (2008: HK\$167.5 million) representing a decrease of 29.6% from the same period last year. The significant drop in turnover is mainly due to the downward difference in the market value of resin from 2008 (Approx. USD1,710/MT) to 2009 (Approx. USD1,160/MT) coupled with an 8.5% drop in sales volume. We have also experienced a 20% drop in order volume, as our export markets needed longer time to run down their stock level after the global financial crisis. Operating loss before finance costs, share of profit of associates and profits tax was HK\$1.9 million for the period compared with the operating profit before finance costs, share of profit of associates and profits tax of HK\$1.3 million for the corresponding period in 2008.

The Group has reallocated production capacity for food packaging products and acquired the certification of Hazard Analysis Critical Control Point (HACCP) in the area of Food Packaging Safety Standards. This direction has proven to be a success as we have gained positive recognition from customers around the world and witnessed growth in the food packaging products.

Since the introduction of our own brand retail products in Mainland China in the first quarter of 2009, our products are now being sold in over 200 supermarket outlets. We have been expanding our presence via aggressive promotion campaigns with our existing supermarkets and we are actively looking for distributors/supermarket chains in Southern and Eastern China.

Stock Broking and Finance

Recently, the weakening in US Dollars and low interest rate pushed up the price of commodities such as gold, oil and the property market and arouse investment sentiment in global market.

During the second and third quarters of 2009, the Hong Kong stock market recovered gradually after the global financial crisis last year. The Hang Seng Index rebounded to 20,955 on 30 September 2009 from its lowest point of 11,345 recorded on 9 March, 2009 with stable volume in turnover. The market is also becoming more active as a result of the rise in numbers of Initial Public Offerings ("IPOs") of Chinese enterprises on the Hong Kong Stock Exchange during the period.

For the six months ended 30 September 2009, the turnover volume decreased by nearly 25% but operating profit amounted to HK\$9.5 million (2008: HK\$8.1 million) representing an increase of 16.5% respectively as compared to the same financial period last year. During the period, brokerage commission and net interest earned from margin clients amounted to HK\$13.9 million and HK\$2.0 million respectively, equating to a decrease of 16.5% and 18.3% from the same period of last year. Moreover, the said operating profit included an unrealised holding gain on investments of HK\$3.5 million compared to the unrealised holding loss of HK\$1.7 million from the same period last year.

Capital Commitments

Details of the Group's capital commitments are set out in note 15 on page 15.

Liquidity and Financial Resources

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

As at 30 September 2009, cash and bank balances were HK\$12.7 million (31 March 2009: HK\$60.1 million) with trade and other receivables at HK\$123.4 million (31 March 2009: HK\$92.5 million). Trade and other payables were HK\$106.6 million (31 March 2009: HK\$92.8 million). The increases in trade receivables and trade payables were mainly attributed to the stock broking and finance business which benefited from a rise in the number of IPOs and a rebound of market total turnover.

As at 30 September 2009, the Group's bank borrowings increased from HK\$205.4 million of the last year-end date to HK\$241.0 million of this period, in which the short-term borrowings amounted to HK\$153.0 million (31 March 2009: HK\$128.8 million) and long-term borrowings amounted to HK\$88.0 million (31 March 2009: HK\$76.6 million). The Group's current period net debt to equity ratio was 40.3% (31 March 2009: 29.2%), calculated on the basis of the Group's net borrowings (less cash and bank balances and time deposits) over the Group's Shareholders' funds. The increases in bank borrowings and the net debt to equity ratio during the period were mainly due to the drawing down of short-term loans and bank overdrafts to refinance the IPOs at the end of the period.

Foreign Exchange Exposure

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

Material Acquisitions and Disposals

The Group had no material acquisitions or disposals of subsidiaries or associated companies during the six months ended 30 September 2009.

Capital Structure

As announced by the Company on 17 July 2009 and 20 July 2009 respectively, the Directors proposed, amongst others, (i) the increase in authorised share capital of the Company from HK\$200,000,000 to HK\$500,000,000 by the creation of an additional 300,000,000 unissued shares of HK\$1.00 each (the “Increase in Authorised Share Capital”); and (ii) the issue of 19,765,350 bonus shares of HK\$1.00 each by way of capitalisation of an amount of HK\$19,765,350 from the Company’s retained profits on the basis of one bonus share for every ten shares held (the “Bonus Issue”).

Ordinary resolutions approving the Increase in Authorised Share Capital and the Bonus Issue were passed at the extraordinary general meeting and the annual general meeting, both held on 28 August 2009, resulting in an authorised share capital of HK\$500,000,000 comprising 500,000,000 shares of HK\$1.00 each and an issued share capital of HK\$217,418,850 consisting of 217,418,850 shares of HK\$1.00 each with effect from 28 August 2009 and 18 September 2009 respectively. Details of the Increase in Authorised Share Capital and the Bonus Issue are set out in the Company’s circular dated 31 July 2009.

As at 30 September 2009, the Group’s Shareholders’ funds amounted to HK\$565.5 million (31 March 2009: HK\$497.6 million). The Group’s consolidated net assets per share as at 30 September 2009 was HK\$2.60.

Contingent Liabilities

Details of the Group’s contingent liabilities are set out in note 16 on page 15.

Pledge of Assets

Details of the Group’s pledge of assets are set out in note 17 on page 15.

Employees and Remuneration Policies

The Group had about 908 employees as at 30 September 2009. The remuneration policies are determined with reference to the market conditions and individual performance of staff.

OUTLOOK

Looking ahead, with the many global economic rescue packages announced, the world's economic activities should return to normal later this year. The Group will continue to follow prudent policies with a view to strengthening our financial position. At the same time, we are committed to creating more favourable conditions to increase the earning base and value of the Group.

Property Investment and Development

The rental incomes of the Group's investment properties are expected to remain stable since the rental leases are secured by permanent tenancy agreements. The low interest rate environment and tight land supply government policy back the demand in the local property market while an influx of Mainland China visitors is continuing to bolster the local retail sector, these factors benefit the Group's property portfolio especially the shops on the Ground Floor of Hotel Benito.

Hotel

The Group is attracted by the future prospect of tourism development and is optimistic about the prospect of the hotel and tourism business in Hong Kong. Return of the higher yield commercial travellers in Autumn coupled with the already busy leisure travelling market should help us maintain steady room rates and revenue.

Manufacturing and Distribution of Plastic Packaging Materials

An unpredictable global recovery coupled with new supply of resin in the first quarter of 2010 will impact our customers' sentiment towards their sales forecast and delay their procurement decision further.

The Group will continue to focus on expanding our production capacity for food packaging products and acquire further accreditations in the area of Food Packaging Safety Standards. We will also strengthen our market share of our own-branded retail products in Mainland China by expanding our retail network and product range in the second half of the year.

Stock Broking and Finance

Although the global economy seems to have stabilised, the high unemployment rate and low capacity utilisation rate in the United States indicates that economic growth is lacking sustainability and further downside risks cannot be ruled out. Moreover, the G20 Committee's discussion on possible exit strategies and timing will cause volatility to the worldwide market in the coming year.

Our stock broking business is still facing fierce competition, especially from banks. Their determination to expand their stock broking (including internet trading) and investment business coupled with a large client base and substantial funding capacity will inevitable create challenges for our business.

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 2009, 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 2009 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 under "Latest Listed Company Information" and on the website of the Company at www.seapnf.com.hk under "Financial Reports" in due course.

By Order of the Board

CHUA NAI TUEN

Chairman & Managing Director

Hong Kong, 11 December 2009

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