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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 2011

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	
		2011	2010
	Notes	***HK$***	*HK$*
		(Unaudited)	(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		**21,603,202**	28,193,128
Profit attributable to:			
Owners of the Company		**21,044,922**	28,357,603
Non-controlling interests		**558,280**	(164,475)
		21,603,202	28,193,128
Earnings per share			
Basic and diluted	9	**9.68 cents**	13.04 cents

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

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		**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	10	**124,777,430**	185,907,978
Financial assets at fair value through profit or loss	11	**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	12	**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		**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

	Note	**30 September 2011** *HK$* **(Unaudited)**	31 March 2011 *HK$* (Audited)
NON-CURRENT LIABILITIES			
Bank loans		**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	13	**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

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.

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

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

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.

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

3. SEGMENT INFORMATION *(Continued)*

Primary reporting format - business segments

	Six months ended 30 September 2011			
	Property development & investment/hotel *HK$* (Unaudited)	**Manufacturing & trading plastic packaging material** *HK$* (Unaudited)	**Stock broking & finance** *HK$* (Unaudited)	**Total** *HK$* (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**

3. SEGMENT INFORMATION *(Continued)*

Primary reporting format - business 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	38,035,061	(8,971,586)	4,047,380	33,110,855
Unallocated finance costs	–	–	–	(2,904,427)
Share of profit (loss) of associates	411,276	(47,905)	–	363,371
Profit before tax				30,569,799
Unallocated income tax expense				(2,376,671)
Profit for the period				28,193,128
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

3. SEGMENT INFORMATION *(Continued)*

External sales by geographical area:

	Six months ended 30 September Turnover	
	2011	2010
	HK$	*HK$*
	(Unaudited)	(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
	206,780,268	173,699,733

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

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

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
	3,160,949	2,904,427

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
	(2,995,156)	(2,376,671)

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.

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. TRADE AND OTHER RECEIVABLES

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	31 March 2011
	HK$	*HK$*
	(Unaudited)	(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
	107,133,094	176,795,046
Other receivables	**17,644,336**	9,112,932
	124,777,430	185,907,978

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.

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.

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

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.

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

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

12. **TRADE AND OTHER PAYABLES**

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	31 March 2011
	HK$	*HK$*
	(Unaudited)	(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
	102,646,294	110,025,133
Other payables	**22,169,929**	20,950,806
	124,816,223	130,975,939

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.

13. **SHARE CAPITAL**

	30 September 2011	31 March 2011
	HK$	*HK$*
	(Unaudited)	(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

14. 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.

15. PLEDGE OF ASSETS

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

	30 September 2011	31 March 2011
	HK$	*HK$*
	(Unaudited)	(Audited)
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-sale financial assets	**21,247,097**	28,122,000
	447,450,262	458,875,215

16. COMPARATIVE FIGURES

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

17. 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).

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).

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%.

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: HK26.1 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.

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 14 on page 16.

Pledge of Assets

Details of the Group's pledge of assets are set out in note 15 on page 16.

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.

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.

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.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's interim report for the six months ended 30 September 2011 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 and Managing Director

Hong Kong, 30 November 2011

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. 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.