



GREAT CHINA

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# GREAT CHINA HOLDINGS LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 141)

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2011

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## UNAUDITED INTERIM RESULTS

The board of directors (the “Board”) of Great China Holdings Limited (the “Company”) is pleased to present this Interim Report for the six months ended 30 June 2011 (the “Period”).

## MANAGEMENT DISCUSSION AND ANALYSIS

The turnover of the Company and its subsidiaries (collectively, the “Group”) decreased by HK\$87 million to HK\$1,042 million for the Period and net profit for the Period decreased by around 36% to HK\$42.9 million as compared with the corresponding period in 2010.

The table below summarises the Group’s revenue and results for the Period as compared with the corresponding period in 2010.

## REVENUE AND RESULTS BY OPERATING SEGMENTS

	Revenue		Profit (Loss)	
	Six months ended 30 June 2011	2010	Six months ended 30 June 2011	2010
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
	Unaudited	Unaudited	Unaudited	Unaudited
Fishmeal Products	<b>1,004</b>	1,061	<b>(23.8)</b>	11.7
Tapioca Products	<b>21</b>	52	<b>0.2</b>	1.2
General Trading	<b>1,025</b>	1,113	<b>(23.6)</b>	12.9
Property Investment in Hong Kong	<b>7</b>	8	<b>47.0</b>	24.0
Property Investment in Mainland China	<b>10</b>	8	<b>24.4*</b>	33.9
Trading of Properties	<b>—</b>	—	<b>—</b>	—
	<b>17</b>	16	<b>71.4</b>	57.9
Total	<b>1,042</b>	1,129	<b>47.8</b>	70.8
Net profit of the Group			<b>42.9</b>	66.7

\* Profit from property investment in Mainland China includes share of loss of the Group’s associates of HK\$0.1 million (2010: profit of HK\$8.5 million).

## **BUSINESS REVIEW**

### **General Trading**

#### *Fishmeal Products*

For the Period under review, the Group's fishmeal product trading recorded a turnover of HK\$1,004 million, representing a slight decrease of 5.4% as compared with last corresponding period in 2010. Contribution from this segment recorded a loss of HK\$23.8 million (2010: profit of HK\$11.7 million).

The general trading segment faced an extremely difficult trading environment during the Period. In the first quarter of the year, our trading volume had dropped significantly due to the limited supply of fishmeal products, following the continuous bans of fishing in Peru since the fourth quarter of 2010. Meanwhile, the tight supply of fishmeal products drove up fishmeal product market prices, which hit record high early this year. In order to recover the trading volume from the first quarter, we had to build up a certain level of inventory gradually before the new fishing season in the second quarter. Unfortunately, the fishmeal product market prices rapidly dropped by the end of the first quarter. The results therefore turned out to be disappointing.

Two major factors that dampened the market sentiment and the rapid reversal of prices downwards were: (1) the announcement from the Peruvian Government for an early release of new fishing season in the beginning of April; and (2) the emergence of the earthquake in Japan in March 2011 which initiated a tsunami and nuclear power crisis. Nevertheless, through the proactive efforts of our colleagues, our revenue from fishmeal products recorded only a slight drop for the Period under review. However, the decline in selling prices made it difficult for the Group to recover the costs during the Period.

As a result of such adverse market conditions, performance in trading of fishmeal products was less than satisfactory.

#### *Tapioca Products*

Revenue from the trading of tapioca products for the Period decreased by 59.6% to HK\$21 million. The trading of tapioca products made an attributable profit of HK\$0.2 million, a 83.3% decrease from the last corresponding period. The high inventory level at ports in Mainland China and traders' price consciousness dampened the demand and led to decline in sales.

### **Property Investment in Hong Kong**

In Hong Kong, the Group owns a portfolio of investment properties in prime locations and they are fully let. Revenue from recurring rental income of investment properties in Hong Kong was HK\$6.6 million compared to HK\$7.8 million in the same period of 2010, representing a decrease of 15.4%. This was mainly due to a decline in income of the new lettings in 2010. These investment properties recorded a fair value gain of HK\$49.3 million for the Period.

### **Property Investment and Properties Held for Sale in Mainland China**

Revenue of rental income from the Group's portfolio of investment properties in Mainland China was HK\$10.1 million (2010: HK\$8.6 million) during the Period, representing an increase of 17.4% as compared with the corresponding period of last year. These investment properties recorded a fair value gain of HK\$22.9 million during the Period.

## *Associated Company*

For the Period under review, the Group's share of loss of associates was approximately HK\$0.1 million (2010: profit of HK\$8.5 million). This decrease was due to a smaller revaluation gain on Emerald Court in Shanghai, of which the Group owns 43% through Da Da Development (Shanghai) Corporation. Our share of revaluation gains, net of deferred tax thereon, amounted to HK\$0.7 million (2010: HK\$8.2 million).

## **PROSPECTS**

### **General Trading**

The Group expects the demand for fishmeal product consumption to become gradually steady in the second half of the year. Due to the appreciation of Renminbi, which is conducive to the import of fishmeal products, we foresee a heavy arrival of fishmeal products to the ports in Mainland China during the third quarter. This may in turn put pressure on the market price of fishmeal products. The second half of the year will continue to be challenging. However, we will continue to position ourselves as one of the leading fishmeal merchants in China.

The Group is still facing very competitive tapioca trading in China. The management will continue to evaluate market conditions and seek an appropriate strategy to bring in a positive contribution from this segment to the Group.

### **Property Investment**

Our property investment portfolio in both Hong Kong and Mainland China will maintain a positive contribution to the Group. The Group will continue to monitor investment opportunities in both Hong Kong and Mainland China.

## **FINANCIAL REVIEW**

As at 30 June 2011, the Group's gearing ratio was 15% (31 December 2010: 12%), which was based on the Group's long term bank borrowings of HK\$162 million (31 December 2010: HK\$118 million) and shareholders' equity of HK\$1,050 million (31 December 2010: HK\$995 million).

As at 30 June 2011, total pledged bank deposits, bank balances and cash on hand were approximately HK\$1,274 million (31 December 2010: HK\$1,001 million). The Group's bank borrowings were approximately HK\$1,314 million (31 December 2010: HK\$1,250 million), of which approximately HK\$1,071 million (31 December 2010: HK\$797 million) were secured with bank deposits of HK\$1,087 million (31 December 2010: HK\$808 million). The Group's borrowings were denominated in United States dollars, Hong Kong dollars and Renminbi.

## **FOREIGN EXCHANGE EXPOSURE**

The Group adopts prudent policies to hedge exchange rate risks associated with our core businesses. Transactions of the Group are predominantly denominated in United States dollars, Hong Kong dollars and Renminbi. During the Period under review, the Group entered into several foreign currency forward contracts with banks to reduce its exposure to the risks of currency fluctuations. Review of the Group's exposure to foreign exchange risks is conducted periodically and derivative financial instruments may be used to hedge against such risks as and when necessary.

## PLEDGE OF ASSETS

At 30 June 2011, the Group has pledged the following assets and assigned rental income from letting of properties in favour of banks to secure banking facilities:

	<b>At 30 June 2011 HK\$'000 Unaudited</b>	At 31 December 2010 HK\$'000 Audited
Investment properties	<b>918,027</b>	839,342
Leasehold land	<b>37,181</b>	37,339
Properties held for sale	<b>14,124</b>	13,778
Buildings	<b>5,762</b>	5,842
Pledged bank deposits	<b>1,097,753</b>	807,864
Bills receivables	<b>725,909</b>	419,050

## INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2011 (2010: HK\$0.01 per share).

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2011, the Group employed 88 employees (2010: 85) with staff cost for the six months then ended amounting to HK\$8,774,000 (2010: HK\$8,744,000). Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account comparable levels in the market.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the Period.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2011, the interests of directors in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (“SFO”) were as follows:

### Long position in the shares of the Company

Name of director	Number of shares interested			Percentage* of issued share capital of the Company
	Family interests	Corporate interests	Total interests	
Mr. Rustom Ming Yu HO	—	138,347,288 ( <i>Note</i> )	138,347,288	52.87%
Mr. John Ming Tak HO	600,000	138,347,288 ( <i>Note</i> )	138,947,288	53.10%

*Note: By virtue of the SFO, both Mr. Rustom Ming Yu HO and Mr. John Ming Tak HO were deemed to have interests in the 138,347,288 shares of the Company held by Fulcrest Limited, a company in which Mr. Rustom Ming Yu HO and Mr. John Ming Tak HO had controlling interests. Interests in the same shares are also shown under the section headed “Substantial Shareholders’ Interests and Short Positions in Shares and Underlying Shares of the Company” below.*

\* *The percentage represents the number of ordinary shares interested divided by the number of the Company’s issued shares as at 30 June 2011.*

Save as disclosed above, as at 30 June 2011, none of the directors or the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”), to be notified to the Company and the Stock Exchange.

None of the directors nor chief executives (including their spouse and children under 18 years of age) of the Company had any interest in, or had been granted, or exercised, any rights to subscribe for the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) during the six months ended 30 June 2011.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, as at 30 June 2011, the following companies had interests in more than 5% of the Company's issued share capital:

### Long position in the shares of the Company

Name of substantial shareholder	Number of shares interested			Percentage* of issued share capital of the Company
	Direct interests	Deemed interests	Total interests	
Fulcrest Limited	138,347,288	—	138,347,288	52.87%
Asian Pacific Investment Corporation	—	138,347,288 (Note)	138,347,288	52.87%
Kwong Fong Holdings Limited	710,000	138,347,288 (Note)	139,057,288	53.14%
Kwong Fong Industries Corporation	8,680,000	139,057,288 (Note)	147,737,288	56.46%
COFCO (Hong Kong) Limited	45,058,000	—	45,058,000	17.22%

*Note: The share capital of Fulcrest Limited was owned as to 51% by Asian Pacific Investment Corporation and as to 49% by Kwong Fong Holdings Limited. Kwong Fong Holdings Limited was a wholly owned subsidiary of Kwong Fong Industries Corporation. Accordingly, Asian Pacific Investment Corporation and Kwong Fong Holdings Limited were deemed to be interested in the 138,347,288 shares of the Company held by Fulcrest Limited; and Kwong Fong Industries Corporation was deemed to be interested in the 139,057,288 shares of the Company in which Kwong Fong Holdings Limited had an interest.*

\* *The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2011.*

Save as disclosed above, the directors of the Company are not aware of any person (other than the directors of the Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations" above) who, as at 30 June 2011, had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register kept by the Company pursuant to Section 336 of the SFO.

## CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance in enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the six months ended 30 June 2011.

## UPDATE ON DIRECTOR'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of a director of the Company is set out below:

- Mr. Lawrence Kam Kee YU resigned as an independent non-executive director of CMMB Vision Holdings Limited (a company listed on the Main Board of the Stock Exchange; stock code: 471) on 1 June 2011.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct governing directors' dealings in the Company's securities. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2011.

The Board has also adopted the Model Code as guidelines for relevant employees in respect of their dealings in the securities of the Company. No incident of non-compliance was noted by the Company during the period under review.

## AUDIT COMMITTEE

The audit committee, comprising all the three independent non-executive directors of the Company, has reviewed the Group's unaudited financial statements for the six months ended 30 June 2011 and discussed with the management of the Company the accounting principles and accounting standards adopted by the Group and matters relating to internal control and financial reporting of the Group.

## APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business associates for their trust and support.

## BOARD OF DIRECTORS

As at the date of this report, the directors of the Company are: Mr. Rustom Ming Yu HO (Chairman), Mr. John Ming Tak HO (Managing Director), Mr. Patrick Kwok Wai POON and Mr. Maung Tun MYINT as Executive Directors; Ms. Yu Gia HO as a Non-executive Director; and Mr. Lawrence Kam Kee YU *BBS MBE JP*, Mr. David Hon To YU and Mr. Hsu Chou WU as Independent Non-executive Directors.

On behalf of the Board  
**John Ming Tak HO**  
*Managing Director*

Hong Kong, 29 August 2011



## CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Six months ended 30 June	
		2011	2010
		<i>HK\$'000</i>	<i>HK\$'000</i>
		Unaudited	Unaudited
<b>Revenue</b>	2	<b>1,041,763</b>	1,129,063
Cost of sales		<u>(1,025,941)</u>	<u>(1,023,610)</u>
<b>Gross profit</b>		<b>15,822</b>	105,453
Other income	4	<b>46,448</b>	10,229
Increase in fair value of investment properties		<b>72,238</b>	44,193
Change in fair value of financial assets designated at fair value through profit or loss		—	661
Change in fair value of derivative financial instruments		<b>(8,594)</b>	1,783
Distribution costs		<b>(42,558)</b>	(76,306)
Administrative expenses		<b>(15,240)</b>	(15,956)
Finance costs	5	<b>(10,091)</b>	(4,397)
Share of results of associates		<u>(132)</u>	<u>8,537</u>
<b>Profit before taxation</b>	6	<b>57,893</b>	74,197
Income tax expense	7	<u>(14,990)</u>	<u>(7,536)</u>
<b>Profit for the period attributable to owners of the Company</b>		<u><b>42,903</b></u>	<u>66,661</u>
<b>Earnings per share — Basic</b>	8	<u><b>HK16.39 cents</b></u>	<u>HK25.47 cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Profit for the period	<u>42,903</u>	<u>66,661</u>
<b>Other comprehensive income</b>		
Exchange difference arising on translation	13,865	5,936
Increase in fair value of available-for-sale financial assets	<u>220</u>	<u>365</u>
Other comprehensive income for the period	<u>14,085</u>	<u>6,301</u>
<b>Total comprehensive income attributable to owners of the Company</b>	<u><u>56,988</u></u>	<u><u>72,962</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2011 <i>HK\$'000</i> Unaudited	At 31 December 2010 <i>HK\$'000</i> Audited
<b>Non-current assets</b>			
		3,000	3,000
Goodwill		3,000	3,000
Investment properties	9	919,983	841,098
Property, plant and equipment		49,809	50,563
Prepaid lease payments for land		276	279
Interests in associates		141,125	137,958
Loan to an associate		17,236	16,911
Amount due from an associate		45,102	44,640
Available-for-sale financial assets		1,954	1,752
		<b>1,178,485</b>	<b>1,096,201</b>
<b>Current assets</b>			
Properties held for sale		18,444	17,996
Inventories		224,929	29,100
Prepaid lease payments for land		4	4
Trade and other receivables	10	838,984	580,530
Derivative financial assets	11	1,309	112
Bank balances and cash		176,007	193,303
Pledged bank deposit		1,097,753	807,864
		<b>2,357,430</b>	<b>1,628,909</b>
<b>Current liabilities</b>			
Trade and bills payables	12	949,777	297,130
Other payables and accrued expenses		72,875	53,218
Rental deposits received		2,046	1,344
Borrowings	13	1,151,728	1,131,861
Taxation payable		5,621	3,195
Derivative financial liabilities	11	20,649	16,483
		<b>2,202,696</b>	<b>1,503,231</b>
<b>Net current assets</b>		<b>154,734</b>	<b>125,678</b>
<b>Total assets less current liabilities</b>		<b>1,333,219</b>	<b>1,221,879</b>
<b>Non-current liabilities</b>			
Borrowings	13	162,016	117,888
Deferred tax liabilities		116,511	103,298
Rental deposits received		5,171	5,543
		<b>283,698</b>	<b>226,729</b>
<b>NET ASSETS</b>		<b>1,049,521</b>	<b>995,150</b>
<b>Capital and reserves</b>			
Share capital	14	52,337	52,337
Reserves		997,184	942,813
<b>TOTAL EQUITY</b>		<b>1,049,521</b>	<b>995,150</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Properties revaluation reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 January 2011	52,337	19,516	111,307	495	840	810,655	995,150
Profit for the period	—	—	—	—	—	42,903	42,903
Other comprehensive income	—	—	13,865	—	220	—	14,085
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>13,865</b>	<b>—</b>	<b>220</b>	<b>42,903</b>	<b>56,988</b>
Dividend ( <i>Note 16</i> )	—	—	—	—	—	(2,617)	(2,617)
<b>At 30 June 2011</b>	<b>52,337</b>	<b>19,516</b>	<b>125,172</b>	<b>495</b>	<b>1,060</b>	<b>850,941</b>	<b>1,049,521</b>
At 1 January 2010	52,337	19,516	80,236	495	1,025	698,652	852,261
Profit for the period	—	—	—	—	—	66,661	66,661
Other comprehensive income	—	—	5,936	—	365	—	6,301
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>5,936</b>	<b>—</b>	<b>365</b>	<b>66,661</b>	<b>72,962</b>
Dividend ( <i>Note 16</i> )	—	—	—	—	—	(2,617)	(2,617)
<b>At 30 June 2010</b>	<b>52,337</b>	<b>19,516</b>	<b>86,172</b>	<b>495</b>	<b>1,390</b>	<b>762,696</b>	<b>922,606</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Net cash from (used in) operating activities	<b>190,162</b>	(256,787)
Net cash used in investing activities	<b>(255,472)</b>	(227,622)
Net cash from financing activities	<b>46,849</b>	467,472
Net decrease in cash and cash equivalents	<b>(18,461)</b>	(16,937)
Cash and cash equivalents at beginning of period	<b>193,303</b>	97,693
Effect on exchange rate changes	<b>1,165</b>	2,077
Cash and cash equivalents at end of period	<b>176,007</b>	82,833

**1. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**(a) Basis of preparation**

The unaudited condensed consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Listing Rules. These financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2010.

**(b) Principal accounting policies**

The unaudited condensed consolidated financial statements have been prepared on the historical cost convention, except for investment properties and certain financial instruments, which are measured at fair values. The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010.

**(c) Application of new or revised standards and interpretations**

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations (“new or revised HKFRSs”) issued by the HKICPA:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC) - Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

**(d) New or revised standards that are not yet effective and have not been early adopted by the Group**

The Group has not early applied the following new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements <sup>1</sup>
HKFRS 11	Joint Arrangements <sup>1</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>1</sup>
HKFRS 13	Fair Value Measurement <sup>1</sup>
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income <sup>2</sup>
HKAS 19 (as revised in 2011)	Employee Benefits <sup>1</sup>
HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>1</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>1</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2012

HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011) were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five new or revised standards are applied early at the same time. The directors of the Company anticipated that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 December 2013.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The directors of the Company are in the process of assessing the impact from the application of HKFRS 10 on the results and consolidated financial position of the Group.

Other than disclosed above, the directors of the Company anticipate that the application of these new or revised standards will have no material impact on the results and financial position of the Group.

## 2. TURNOVER AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on operating divisions of the Group.

The Group's operating and reportable segments are as follows:

1. General trading — trading of fishmeal products and tapioca chips
2. Property investment in Hong Kong — leasing of properties situated in Hong Kong
3. Property investment in the People's Republic of China (the "PRC") — leasing of properties situated in the PRC and agency services in the PRC
4. Trading of properties — sale of properties situated in the PRC

Information regarding the above segments is reported below.

The following is an analysis of the Group's revenue and results by reportable segment:

	Six months ended 30 June 2011				
	General trading	Property investment in Hong Kong	Property investment in the PRC	Trading of properties	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
REVENUE					
External Sales	<u>1,024,956</u>	<u>6,632</u>	<u>10,175</u>	<u>—</u>	<u>1,041,763</u>
Segment (loss) profit after tax	<u>(23,596)</u>	<u>47,011*</u>	<u>24,454**</u>	<u>—</u>	<u>47,869</u>
Central administration costs					(3,808)
Unallocated finance costs					(718)
Unallocated income tax expense					<u>(440)</u>
Profit for the period					<u>42,903</u>

\* The segment profit after tax of property investment in Hong Kong included fair value gains on investment properties of HK\$49.3 million and deferred tax charge of HK\$8.3 million.

\*\* The segment profit after tax of property investment in the PRC included fair value gains on investment properties of HK\$22.9 million, deferred tax charge of HK\$4.5 million and share of loss of associates of HK\$0.1 million.

	Six months ended 30 June 2010				
	General	Property	Property	Trading of	Consolidated
	Trading	investment in	investment	properties	
	HK\$'000	Hong Kong	in the PRC	HK\$'000	HK\$'000
Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
REVENUE					
External Sales	<u>1,112,728</u>	<u>7,772</u>	<u>8,563</u>	<u>—</u>	<u>1,129,063</u>
Segment profit after tax	<u>12,951</u>	<u>24,005*</u>	<u>33,892**</u>	<u>—</u>	<u>70,848</u>
Change in fair value of financial assets designated at fair value through profit or loss					661
Central administration costs					(4,346)
Unallocated finance costs					<u>(502)</u>
Profit for the period					<u>66,661</u>

\* The segment profit after tax of property investment in Hong Kong included fair value gains on investment properties of HK\$20.2 million and deferred tax charge of HK\$3.5 million.

\*\* The segment profit after tax of property investment in the PRC included fair value gains on investment properties of HK\$24 million, deferred tax charge of HK\$3.3 million and share of results of associates of HK\$8.5 million.

Segment profit (loss) after tax represents profit earned (loss incurred) by each reportable segment without allocation of income and expenditure of the Group's head office, including: change in fair value of financial assets designated at fair value through profit or loss, central administration costs, unallocated finance costs and unallocated income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

The following is an analysis of the Group's assets and liabilities by reportable segment:

#### At 30 June 2011

	General	Property	Property	Trading of	Consolidated
	Trading	investment in	investment	properties	
	HK\$'000	Hong Kong	in the PRC	HK\$'000	HK\$'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
ASSETS					
Segment assets	<b>2,306,206</b>	<b>513,534</b>	<b>633,020</b>	<b>18,444</b>	<b>3,471,204</b>
Corporate assets					<u>64,711</u>
Consolidated assets					<u><b>3,535,915</b></u>
LIABILITIES					
Segment liabilities	<b>2,137,186</b>	<b>150,990</b>	<b>83,641</b>	<b>—</b>	<b>2,371,817</b>
Corporate liabilities					<u>114,577</u>
Consolidated liabilities					<u><b>2,486,394</b></u>



At 31 December 2010

	General Trading <i>HK\$'000</i> Audited	Property investment in Hong Kong <i>HK\$'000</i> Audited	Property investment in the PRC <i>HK\$'000</i> Audited	Trading of properties <i>HK\$'000</i> Audited	Consolidated <i>HK\$'000</i> Audited
<b>ASSETS</b>					
Segment assets	1,590,542	464,992	599,014	17,996	2,672,544
Corporate assets					52,566
					<u>2,725,110</u>
<b>LIABILITIES</b>					
Segment liabilities	1,454,338	113,755	84,770	—	1,652,863
Corporate liabilities					77,097
					<u>1,729,960</u>

### 3. SEASONALITY OF OPERATIONS

The Group's general trading operations are subject to seasonal fluctuation. In general, demand for the Group's products increases in the second quarter and the third quarter of each year and decreases thereafter.

### 4. OTHER INCOME

	Six months ended 30 June	
	2011 <i>HK\$'000</i> Unaudited	2010 <i>HK\$'000</i> Unaudited
Bank interest income	23,462	4,999
Exchange gain, net	21,709	2,172
Gain on disposal of property, plant and equipment	640	—
Imputed interest income on loan to an associate and amount due from an associate	616	—
Sundry income	21	3,058
	<u>46,448</u>	<u>10,229</u>

### 5. FINANCE COSTS

	Six months ended 30 June	
	2011 <i>HK\$'000</i> Unaudited	2010 <i>HK\$'000</i> Unaudited
Interest on bank loans		
— wholly repayable within five years	8,971	3,595
— not wholly repayable within five years	1,120	802
	<u>10,091</u>	<u>4,397</u>

## 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging (crediting):

	Six months ended 30 June	
	2011	2010
	<i>HKS'000</i>	<i>HKS'000</i>
	Unaudited	Unaudited
Reversal of allowance for doubtful debts	(3)	(489)
Amortisation of prepaid lease payments for land	2	2
Auditor's remuneration	665	650
Cost of inventories recognised as an expense	1,003,007	1,014,288
Depreciation of property, plant and equipment	1,074	1,220
Allowance for inventories	22,934	9,321
Share of taxation of an associate	314	3,611
Staff costs including directors' emoluments	8,774	8,744
Gross rental income from investment properties	(16,424)	(15,963)
Less: Outgoings	786	1,157
Net rental income from investment properties	<u>(15,638)</u>	<u>(14,806)</u>

## 7. INCOME TAX EXPENSE

The charge comprises:

	Six months ended 30 June	
	2011	2010
	<i>HKS'000</i>	<i>HKS'000</i>
	Unaudited	Unaudited
Hong Kong Profits Tax		
Current period	<u>2,470</u>	<u>755</u>
Other jurisdiction		
Current period	232	61
Overprovision in prior years	<u>(447)</u>	<u>(44)</u>
	<u>(215)</u>	<u>17</u>
Deferred taxation		
Current period	<u>12,735</u>	<u>6,764</u>
Total tax expenses for the period	<u>14,990</u>	<u>7,536</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) of the estimated assessable profits. Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdictions.

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to owners of the Company	<u>42,903</u>	<u>66,661</u>
	Number of shares	
	2011	2010
	Unaudited	Unaudited
Number of ordinary shares for the purpose of basic earnings per share	<u>261,684,910</u>	<u>261,684,910</u>
Basic earnings per share	<u>HK16.39 cents</u>	<u>HK25.47 cents</u>

No diluted earnings per share has been presented as there were no dilutive potential ordinary shares in both periods.

## 9. INVESTMENT PROPERTIES

	At 30 June	At 31 December
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
FAIR VALUE		
At beginning of period/year	841,098	730,215
Additions	—	37,862
Increase in fair value	72,238	58,246
Exchange realignment	<u>6,647</u>	<u>14,775</u>
At end of period/year	<u>919,983</u>	<u>841,098</u>

The fair value of the Group's investment properties at 30 June 2011 have been arrived at on the basis of a valuation carried out on that date by A.G. Wilkinson & Associates, independent qualified professional valuers not connected with the Group. A.G. Wilkinson & Associates is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of properties in the PRC and Hong Kong. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and capitalisation of net income by reference to market yield of similar properties.

## 10. TRADE AND OTHER RECEIVABLES

	At 30 June 2011 <i>HK\$'000</i> Unaudited	At 31 December 2010 <i>HK\$'000</i> Audited
Trade and bills receivables	781,050	550,374
Less: Allowance for doubtful debts	<u>(591)</u>	<u>(594)</u>
	780,459	549,780
Prepayments and deposits	11,043	3,232
Other receivables	<u>47,482</u>	<u>27,518</u>
	<u><b>838,984</b></u>	<u><b>580,530</b></u>

The Group allows a credit period ranging from 30 to 90 days to its customers in respect of general trading.

The following is an analysis of trade and bills receivables by age, presented based on the invoice date at the end of the reporting period:

	At 30 June 2011 <i>HK\$'000</i> Unaudited	At 31 December 2010 <i>HK\$'000</i> Audited
<b>Trade receivables</b>		
0 – 30 days	21,009	26
31 – 60 days	1,798	23
61 – 90 days	28	8,183
Over 90 days	<u>31,715</u>	<u>122,498</u>
	<u><b>54,550</b></u>	<u>130,730</u>
<b>Bills receivables</b>		
0 – 30 days	341,802	122,488
31 – 60 days	67,984	—
61 – 90 days	59,120	—
Over 90 days	<u>257,003</u>	<u>296,562</u>
	<u><b>725,909</b></u>	<u>419,050</u>
	<u><b>780,459</b></u>	<u><b>549,780</b></u>

At 30 June 2011, included in trade and other receivables are carrying amounts of HK\$31,609,000 (31 December 2010: HK\$130,630,000) and HK\$17,795,000 (31 December 2010: HK\$12,118,000) respectively, due from a single customer, of which HK\$49,404,000 (31 December 2010: HK\$122,498,000) of the trade and other receivable balances are past due as at the reporting date for which the Group has not provided for impairment loss. The Group holds a personal guarantee from an independent third party (the “Guarantor”) as collateral over these balances. During the period ended 30 June 2011, the Group took legal action against such customer, the Guarantor and a relevant party (the “Defendants”) and obtained an assets preservation order (the “Order”) from the Shanghai No. 2 Intermediate People’s Court (the “Court”) to seal up certain assets of the Defendants up to an amount of approximately RMB35,325,000 (equivalent to approximately HK\$42,531,000). The Group has paid HK\$6,666,000 to the Court and sealed up properties, plant and equipment and properties held for sale with carrying amounts of HK\$2,628,000 and HK\$1,308,000 respectively as guarantee for the application of the Order. The first court hearing is expected to be held in September 2011.

The management of the Company considered the Group's legal counsel's opinion and is in the view that the amount due from the customer is recoverable. The management of the Company estimates that the fair value of the collateral exceeded the carrying amount of the receivable, therefore, no impairment loss is provided.

## 11. DERIVATIVE FINANCIAL INSTRUMENTS

	At 30 June 2011 <i>HK\$'000</i> Unaudited	At 31 December 2010 <i>HK\$'000</i> Audited
<b>Derivative financial assets</b>		
Foreign currency non-deliverable forward contracts	283	112
Interest rate swaps	1,026	—
	<u>1,309</u>	<u>112</u>
<b>Derivative financial liabilities</b>		
Foreign currency non-deliverable forward contracts	13,457	13,562
Interest rate swaps	7,192	2,921
	<u>20,649</u>	<u>16,483</u>

## 12. TRADE AND BILLS PAYABLES

	At 30 June 2011 <i>HK\$'000</i> Unaudited	At 31 December 2010 <i>HK\$'000</i> Audited
Bills payables	949,209	296,562
Trade payables	568	568
	<u>949,777</u>	<u>297,130</u>

The ageing analysis of the trade and bills payables is as follows:

	At 30 June 2011 <i>HK\$'000</i> Unaudited	At 31 December 2010 <i>HK\$'000</i> Audited
0 – 30 days	433,631	—
31 – 60 days	199,455	—
Over 60 days	316,691	297,130
	<u>949,777</u>	<u>297,130</u>

The average credit period on purchase of goods is 30 days.

### 13. BORROWINGS

	At 30 June 2011 <i>HK\$'000</i> Unaudited	At 31 December 2010 <i>HK\$'000</i> Audited
<b>Secured</b>		
Bank loans	1,267,034	938,835
Trust receipt loans	—	189,589
Liabilities associated with bills receivables discounted with full recourse	<u>46,710</u>	<u>121,325</u>
	<u><b>1,313,744</b></u>	<u>1,249,749</u>
Carrying amounts repayable*:		
	At 30 June 2011 <i>HK\$'000</i> Unaudited	At 31 December 2010 <i>HK\$'000</i> Audited
Within one year	1,081,743	1,131,861
More than one year, but not exceeding two years	20,030	25,565
More than two years, but not exceeding five years	59,490	43,121
More than five years	<u>82,496</u>	<u>49,202</u>
	1,243,759	1,249,749
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (show under current liabilities)	69,985	—
Less: Amounts due within one year shown under current liabilities	<u>(1,151,728)</u>	<u>(1,131,861)</u>
Amounts shown under non-current liabilities	<u><b>162,016</b></u>	<u>117,888</u>

\* The amounts are based on scheduled repayments dates set out in the loan agreements.

### 14. SHARE CAPITAL

	At 30 June 2011 <i>HK\$'000</i> Unaudited	At 31 December 2010 <i>HK\$'000</i> Audited
Authorized:		
500,000,000 (2010: 500,000,000) Ordinary shares of HK\$0.2 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
261,684,910 (2010: 261,684,910) Ordinary shares of HK\$0.2 each	<u>52,337</u>	<u>52,337</u>

## 15. SHARE OPTIONS

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include any employee (whether full time or part time employee) or executive director of the Company or any of its subsidiaries or any invested entity (any entity in which the Group holds any equity interest), any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any invested entity of the Company, any supplier of goods or services to any member of the Group or any invested entity; any customer of the Group or any invested entity, any person or entity that provides research, development, or other technological support to the Group or any invested entity, and any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or any invested entity. The Scheme was adopted and approved by the shareholders of the Company on 14 May 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

No share options have been granted under the Scheme since its adoption.

## 16. DIVIDENDS

Six months ended 30 June	
2011	2010
HK\$'000	HK\$'000
Unaudited	Unaudited

Final dividend paid for 2010 of HK\$0.01 (2010: Final dividend paid for 2009 of HK\$0.01) per ordinary share

<u>2,617</u>	<u>2,617</u>
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## 17. RELATED PARTIES TRANSACTIONS

- (a) The Group's balances with related parties are set out in the condensed consolidated statement of financial position.
- (b) The following transactions were carried out in the normal course of the Group's business during the Period:

Six months ended 30 June	
2011	2010
HK\$'000	HK\$'000
Unaudited	Unaudited

Sale of fishmeal products to COFCO Feed Co., Ltd.

<u>87,307</u>	<u>—</u>
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*Note: COFCO (Hong Kong) Limited is a substantial shareholder of the Company. COFCO Feed Co. Ltd. is an associate of COFCO (Hong Kong) Limited and a connected person of the Company.*

- (c) Key management compensation was as follows:

Six months ended 30 June	
2011	2010
HK\$'000	HK\$'000
Unaudited	Unaudited

Salaries and other short-term employee benefits

<u>4,243</u>	<u>4,223</u>
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## 18. EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 30 June 2011 which would materially affect the Group's operating and financial performance as of the date of this report.