GREAT CHINA

GREAT CHINA HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code : 141

ANNUAL REPORT 2011

Contents

Corporate Information

Directors

Executive Directors

Mr. Rustom Ming Yu HO *(Chairman)*
Mr. John Ming Tak HO *(Managing Director)*
Mr. Patrick Kwok Wai POON
Mr. Maung Tun MYINT

Non-Executive Director

Ms. Yu Gia HO

Independent Non-Executive Directors

Mr. Lawrence Kam Kee YU *BBS MBE JP*
Mr. David Hon To YU
Mr. Hsu Chou WU

Company Secretary

Mr. Siu Kwan CHENG

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants, Hong Kong

Share Registrar

Tricor Abacus Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Registered Office

Unit D, 26/F, United Centre
No. 95 Queensway
Hong Kong

Audit Committee

Mr. David Hon To YU *(Chairman)*
Mr. Lawrence Kam Kee YU *BBS MBE JP*
Mr. Hsu Chou WU

Nomination Committee

Mr. Lawrence Kam Kee YU *BBS MBE JP (Chairman)*
Mr. Rustom Ming Yu HO
Mr. John Ming Tak HO
Mr. David Hon To YU
Mr. Hsu Chou WU

Remuneration Committee

Mr. Lawrence Kam Kee YU *BBS MBE JP (Chairman)*
Mr. John Ming Tak HO
Mr. David Hon To YU

Stock Code

141

Website

www.greatchinaholdingsltd.com.hk

Investor Relations

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Email:	info@gcltd.com.hk

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of Great China Holdings Limited will be held at Falcon Room II, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on 17 May 2012 at 9:00 am. A circular containing details of the matters proposed to be dealt with in the aforesaid Annual General Meeting together with other relevant information is sent with this annual report to all registered shareholders of the Company.

By order of the Board

Siu Kwan CHENG
Company Secretary

Hong Kong, 29 March 2012

Statement from the Managing Director

Statement from the Managing Director

On behalf of the Board of Directors (the "Board"), I present the annual report of Great China Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2011.

Results

The Group recorded total revenue of HK$1,803 million, which was 27% lower than that of the previous financial year. Profit attributable to shareholders dropped 52% to HK$55.9 million.

Business Review

General Trading

Fishmeal Products

At the beginning of 2011, our sales of fishmeal products dropped significantly due to the limited supply of fishmeal products, which in turn drove up the market prices of fishmeal products in the first quarter of 2011. Following the early release of the new fishing season at the beginning of April 2011 by the Peruvian Government, the availability of fishmeal products improved, which resulted in market prices of fishmeal products falling for the remainder of the year.

Against the backdrop of the scenario described above, sales of the Group's fishmeal products dropped from HK$2,383 million in 2010 to HK$1,748 million in 2011 with the result of a segment loss of HK$17.4 million for the year under review.

Tapioca Products

With the scale of business activity in tapioca trading remaining stagnant, we decided to wind-up our business in the trading of tapioca products in the second half of the year under review. The sales and contribution from tapioca trading were minimal to the Group's overall sales and profit.

Property Investment

With respect to property investment, the Group recorded a rental turnover of HK$34 million from its investment properties in Hong Kong and Mainland China. As at 31 December 2011, the Group's investment properties were revalued by an independent professional valuer. The fair value gains of HK$53 million (2010: HK$23 million) and HK$24 million (2010: HK$35 million) were recorded in 2011 for our investment properties in Hong Kong and Mainland China respectively.

Property Investment in Hong Kong

The Group's recurrent rental income of HK$13.8 million, a slight increase of 1% from HK$13.6 million in 2010, came from its various shops in Hong Kong. With their prime locations, rental reversions at Causeway Bay and Tsimshatsui were positive during the year under review.

Property Investment and Properties Held for Sale in Mainland China

The Group's investment properties in Mainland China contributed to the rental revenue of approximately HK$20.4 million, an increase of about 11% over last year. There was no sale of properties during the year under review.

Associated company

The Group recorded a share of losses from associated companies of HK$0.9 million, largely due to lack of rental income from the Emerald Court, of which the Group owns 43%.

Prospects

General Trading

Given the global economic slowdown and associated uncertainties, we will continue to adopt a conservative business strategy. It is expected that the supply of fishmeal products in Peru, the major global source of fishmeal, will continue to be affected by the fishing quota in Peru. However, the demand for fishmeal products is still strong as Mainland China's economic growth remains favourable.

We have successfully developed a brandname "Luckmate" over many years. Being one of the leading fishmeal merchants in Mainland China, we will continue to consolidate our position by taking proactive action to capture a larger market share.

Looking forward, we are confident on the outlook of fishmeal products trading. With our experienced sales team and sales network in Mainland China, we believe that it will bring in a positive contribution to the Group in coming year.

Property Investment

The Group owns a portfolio of investment properties in Hong Kong and Mainland China. This provides a stable stream of recurrent income to our Group. With such an earning base, the Group is well positioned to withstand any challenging situation. We will continue to identify any investment opportunities in Hong Kong and Mainland China while strategically maintaining the value of our existing investment properties for our shareholders.

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.

John Ming Tak HO
Managing Director

Hong Kong, 29 March 2012

Management Discussion and Analysis

Business Review

The details of business review are set out in the Statement from the Managing Director.

Financial Review and Analysis

Overall Results

The Group's revenue decreased from HK$2,467 million for the year ended 31 December 2010 ("FY2010") to HK$1,803 million for the year ended 31 December 2011 ("FY2011") by around HK$664 million, representing a decrease of 27%. The decrease was mainly caused by the decline in revenue of fishmeal products trading segment due to the limited supply of fishmeal products. The volatility of global commodity prices throughout 2011 has a negative impact on the performance of fishmeal products trading segment, resulting in a decline in the overall profitability of the Group in 2011. The Group's net profit attributable to the owners of the Company for FY2011 amounted to HK$56 million (FY2010: HK$117 million), a decrease of around 52% over FY2010.

The decline in profit of the general trading segment was partly compensated for by other income and the increase in fair value of investment properties. Other income of HK$91 million in FY2011 (FY2010: HK$50 million) mainly comprised bank interest income of HK$36 million (FY2010: HK$14 million) and exchange gain of HK$52 million (FY2010: HK$33 million). Included in exchange gain is an unrealised gain of HK$27 million (FY2010: HK$16 million) arising from re-translation of foreign currency pledged bank deposits and bills receivables which are denominated in Renminbi ("RMB") at the rate prevailing at the end of the reporting period. The Group has entered into arrangements with banks that these pledged bank deposits and bills receivables will be exchanged to United States dollars ("USD") to settle bank loans denominated in USD. At the same time, the Group has entered into foreign currency non-deliverable forward contracts which effectively fixed the exchange rate to convert the pledged bank deposits and bills receivable into USD on settlement dates of the relevant bank loans. The management is of the view that the above arrangements reduce the Group's exposure to currency fluctuations risk on these foreign currency balances. Since the exchange rate prevailing at 31 December 2011 is more favorable than the forward contract rates, the management expects a net loss on reversal of exchange gain and change in fair value of these non-deliverable foreign currency forward contracts will be recognised from the above arrangements next year.

A fair value gain on the investment properties of HK$77 million (FY 2010: HK$58 million) before deferred taxation was recorded in FY2011.

The Group's share of results of associates recorded a loss of HK$0.9 million in FY2011 (FY2010: a profit of HK$10 million) due to lack of rental income from the investment properties of the associated company.

Liquidity and Financial Resources

As at 31 December 2011, the Group's gearing ratio was 17% (2010: 12%), based on the Group's long term bank borrowings of HK$180 million (2010: HK$118 million) and shareholders' equity of HK$1,079 million (2010: HK$995 million). The Group's current ratio was 1.11 (2010: 1.08), calculated on the basis of current assets of HK$1,698 million (2010: HK$1,629 million) over current liabilities of HK$1,528 million (2010: HK$1,503 million).

As at 31 December 2011, total restricted bank deposits, pledged bank deposits, structured bank deposits, bank balances and cash on hand were HK$999 million (2010: HK$1,001 million). Total bank borrowings of the Group amounted to HK$1,138 million (2010: HK$1,250 million), of which approximately HK$846 million (2010: HK$797 million) were secured with bank deposits of HK$865 million (2010: HK$808 million). The maturity profile of the Group's bank borrowings falling due within one year was 78% (2010: 91%) and more than one year was 22% (2010: 9%). Total bank borrowings included secured bank loans of HK$651 million (2010: HK$939 million), trust receipt loans of Nil (2010: HK$190 million), and there were liabilities of HK$487 million (2010: HK$121 million) associated with bills receivable discounted with recourse. The Group's borrowings were denominated in United States dollars, Hong Kong dollars and Renminbi.

Charges on Assets

As at 31 December 2011, the Group had available but not yet utilized banking facilities amounting to around HK$1,890 million (2010: HK$2,539 million). The aforesaid facilities were secured by the following assets:

- Leasehold land of HK$37 million (2010: HK$37 million);
- Buildings of HK$6 million (2010: HK$6 million);
- Properties held for sale of HK$15 million (2010: HK$14 million);
- Investment properties of HK$932 million (2010: HK$839 million);
- Pledged bank deposits of HK$616 million (2010: HK$525 million);
- Structured bank deposits of HK$250 million (2010: HK$283 million); and
- Bills receivables of HK$493 million (2010: HK$419 million).

Foreign Exchange Exposure

Transactions of the Group are predominantly denominated in United States dollars, Hong Kong dollars and Renminbi. During the year, 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.

Employee and Remuneration Policies

As at 31 December 2011, the total number of employees of the Group was 86 (2010: 85) with staff costs, excluding directors' remuneration, amounting to HK$9,755,000 (2010: HK$10,188,000). Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account comparable levels in the market.

Biographical Details of Directors

Mr. Rustom Ming Yu HO, aged 60, is the Chairman and an executive director of the Company. He is also a member of the Nomination Committee and a director of various subsidiaries of the Company. Mr. Rustom HO joined the Group in January 1992. He has held senior management positions in the textiles industry for over 34 years. In addition, Mr. Rustom HO is the chairman of Kwong Fong Industries Corporation (a company listed on Taiwan Stock Exchange Corporation, stock code: 1416) and a director of Fulcrest Limited (both companies are/are deemed to be the controlling shareholders of the Company) and is the elder brother of Mr. John Ming Tak HO (executive director of the Company) and the father of Ms. Yu Gia HO (non-executive director of the Company).

Mr. John Ming Tak HO, aged 58, is the Managing Director and an executive director of the Company. He has been re-designated from the chairman of the Nomination Committee to a member of the Nomination Committee of the Company with effect from 21 November 2011 to meet the new corporate governance code provision of the Listing Rules. He is also a member of the Remuneration Committee and a director of various subsidiaries of the Company. Mr. John HO joined the Group in November 1991. He has over 34 years of experience in commodities trading and dealing in securities. Mr. John HO is a director of Fulcrest Limited and Asian Pacific Investment Corporation (both companies are/are deemed to be the controlling shareholders of the Company). In addition, he is the younger brother of Mr. Rustom Ming Yu HO (executive director of the Company) and the uncle of Ms. Yu Gia HO (non-executive director of the Company).

Mr. Patrick Kwok Wai POON, aged 61, has been an executive director of the Company since 20 April 2006. Mr. POON joined the Group in 1997 and has since then been working at a senior level of the Group's management team. He is also a director of certain subsidiaries of the Company. In addition, he is a director of Fulcrest Limited, a controlling shareholder of the Company. Mr. POON has extensive experience in the commodity market and in the banking business and holds a practising licence in property management in the People's Republic of China. He has been overseeing the Group's Shanghai office and monitoring the Group's property business in the People's Republic of China for over 14 years.

Mr. Maung Tun MYINT (also known as Nelson CHENG), aged 46, has been an executive director of the Company since 1 April 2009. He is also a director of various subsidiaries of the Company. In addition, Mr. MYINT is a chief executive officer of the Company's major subsidiaries, such as G.C. Luckmate Trading Limited and G.C. Luckmate Trading (Asia) Limited which are engaged in fishmeal and tapioca trading business. Mr. MYINT joined the Group in 2000 and has over 17 years of experience in commodities trading. He holds a Bachelor of Engineering degree in Electronics from San José State University in the United States of America and a Master degree in Computer Science from Asian Institute of Technology in Thailand.

Ms. Yu Gia HO, aged 40, has been a non-executive director of the Company since 1 April 2008. She holds a Bachelor of Science degree in Marketing and Advertising from Boston College and a Master of Business Administration degree in Managing Technology and Innovation from Santa Clara University. With extensive experience in strategic marketing and business strategy formulation, she currently assists a number of start-ups and small businesses as a private consultant. In the past, Ms. HO has served as key business development roles at several publicly listed companies and was an International Marketing Manager of Kwong Fong Industries Corporation, a controlling shareholder of the Company. In addition, Ms. HO is a daughter of Mr. Rustom Ming Yu HO (executive director of the Company) and a niece of Mr. John Ming Tak HO (executive director of the Company).

Biographical Details of Directors

Mr. Lawrence Kam Kee YU *BBS MBE JP*, aged 66, has been an independent non-executive director of the Company since November 1994. He was appointed as the chairman of the Nomination Committee of the Company on 21 November 2011 to meet the new corporate governance code provision of the Listing Rules. He is also the chairman of the Remuneration Committee and a member of the Audit Committee of the Company. Mr. Lawrence YU is currently an independent non-executive director of Evergrande Real Estate Group Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 3333).

Mr. Lawrence YU underwent training at Bayer AG and Cassella AG in Germany and has accumulated many years of senior management experience. Mr. Lawrence YU is the honorary life president of the Hong Kong Dyestuffs Merchants Association Limited. He also serves on many charitable and social organisations, and is currently the co-chairman of the Campaign Committee of The Community Chest of Hong Kong, a director of the Hong Kong Football Association Limited, a governor of Hong Kong Automobile Association and the chairman of the Road Safety Campaign Committee of the Road Safety Council. Mr. Lawrence YU was an independent non-executive director of CMMB Vision Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 471) and resigned on 1 June 2011.

Mr. David Hon To YU, aged 64, has been an independent non-executive director of the Company since 7 January 1999. He is also the chairman of the Audit Committee and a member of both the Nomination Committee and the Remuneration Committee of the Company. Mr. David YU is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants. He was formerly a partner of an international accounting firm with extensive experience in corporate finance. Mr. David YU is the vice-chairman of MCL Partners Limited, a Hong Kong based financial advisory and investment firm. Currently, he is also an independent non-executive director of TeleEye Holdings Limited (a company listed on the Growth Enterprise Market of the Stock Exchange, stock code: 8051) as well as the following companies listed on the Main Board of the Stock Exchange: China Datang Corporation Renewable Power Co., Limited (stock code: 1798), Haier Electronics Group Co., Ltd. (stock code: 1169), China Renewable Energy Investment Limited (previously known as "Hong Kong Energy (Holdings) Limited", stock code: 987), Media Chinese International Limited (stock code: 685; which is also listed in Malaysia, Malaysia stock code: 5090), One Media Group Limited (stock code: 426), Playmates Holdings Limited (stock code: 635), Sateri Holdings Limited (stock code: 1768), Synergis Holdings Limited (stock code: 2340), and VXL Capital Limited (stock code: 727).

Mr. Hsu Chou WU, aged 57, has been an independent non-executive director of the Company since September 2004. He is also a member of both the Audit Committee and the Nomination Committee of the Company. Mr. WU is a member of the Taipei Bar Association. He is currently the chairman of the Eurasia Law Office in Taipei. He is also a medical ethics lecturer in National Defense Medical Center, a committee member of the Medical Ethics Committee in Tri-Service General Hospital, a committee member of the Law and Regulation Commission of the Ministry of the Interior in Taiwan, and a legal consultant of the National Police Agency of the Ministry of the Interior in Taiwan. Mr. WU is the author of the book "Far Away From Medical Dispute".

Corporate Governance Report

The Board and Management are committed to uphold a high standard of corporate governance with an aim to safeguard the interest of shareholders and the Company as a whole.

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the year ended 31 December 2011.

Directors' and Employees' Securities Transaction

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. Confirmation has been sought from all directors of the Company that they have complied with required standards set out in the Model Code throughout the year ended 31 December 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 year under review.

Directors

The Board

The Board is accountable to the shareholders for leading the Group in a responsible and effective manner. Every director is charged with acting in the best interest of the Group and contributing to the Group with their expertise and knowledge. The Board decides on overall Group strategies and monitors the Group's performance on behalf of the shareholders. During the year ended 31 December 2011, the Board held five meetings including four regular meetings. The attendance of each director is set out as follows:

Name of director	Number of attendance
Mr. Rustom Ming Yu HO	4/5
Mr. John Ming Tak HO	5/5
Mr. Patrick Kwok Wai POON	4/5
Mr. Maung Tun MYINT	5/5
Ms. Yu Gia HO	5/5
Mr. Lawrence Kam Kee YU	5/5
Mr. David Hon To YU	5/5
Mr. Hsu Chou WU	5/5

To provide an opportunity to directors to include matters for discussion in the agenda, at least 14 days' notice of a Board meeting is given to all directors. Every director is entitled to have access to the advice and services of the company secretary with a view to ensuring that the Board procedures, and all applicable rules and regulations, are followed. All minutes are kept by the company secretary and are open for inspection by any director with reasonably advance notice. Minutes of Board meetings and meetings of Board committees record in sufficient detail the matters considered by the Board/Board Committees and decisions reached. Draft and final versions of minutes of Board meetings are sent to all directors for their comments and records respectively within a reasonable time after the Board meeting is held.

Directors have been advised that the company secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any director. If a substantial shareholder or a director has a conflict of interest in a matter to be considered material by the Board, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.

Chairman and Managing Director

The positions of the Chairman and the Managing Director of the Company are currently held by separated individuals, with Mr. Rustom Ming Yu HO being the Chairman and Mr. John Ming Tak HO being the Managing Director. The Chairman is responsible for ensuring that the Board is functioning properly, with good corporate governance practices and procedures. He also steers the Board and the Company towards corporate goals. The Managing Director is responsible for effective implementation of the overall strategies and initiatives adopted by the Board. With the support of the Managing Director and the company secretary, the Chairman seeks to ensure that all directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information on a timely basis.

Board Composition

As at 31 December 2011, the Board consists of four executive directors, one non-executive director and three independent non-executive directors:

Executive directors:
Mr. Rustom Ming Yu HO *(Chairman)*
Mr. John Ming Tak HO *(Managing Director)*
Mr. Patrick Kwok Wai POON
Mr. Maung Tun MYINT

Non-executive director:
Ms. Yu Gia HO

Independent non-executive directors:
Mr. Lawrence Kam Kee YU
Mr. David Hon To YU
Mr. Hsu Chou WU

More than one-third of the Board are independent non-executive directors and each of the independent non-executive directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The relationship among members of the Board is disclosed in "Biographical Details of Directors" of this annual report.

Appointment and Re-election

In accordance with the Company's Articles of Association, at each annual general meeting of the Company (the "AGM") one-third of the directors for the time being (or, if their number is not three or a multiple of three, then the number nearest but not less than one-third) shall retire from office. The directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. The retiring directors shall be eligible for re-election by the shareholders at the relevant AGM.

The Composition of the Board will be reviewed regularly to ensure that it covers a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The directors' profile is set out on pages 8 to 9.

Responsibilities of Directors

The directors are continually updated with the regulatory requirements, business activities and development of the Company to facilitate the discharge of their responsibilities. Through regular Board meetings, all directors are kept abreast of the conduct, business activities and development of the Company. Each independent non-executive director attended all regularly scheduled meetings of the Board and committees on which such independent non-executive director sat in, and reviewed the meeting materials distributed in advance for such meetings. A number of executive directors, together with the independent non-executive directors, attended the AGM in 2011 and answered questions raised by the shareholders.

Supply of and Access to Information

In respect of regular Board meetings, an agenda and accompanying board papers of the meeting are sent in full to all directors at least 3 days before the intended date of a meeting. The management has the obligation to supply the Board and the various committees with adequate information in a timely manner to enable the members to make informed decisions. Each director has separate and independent access to the Company's senior management to acquire more information that is volunteered by management and to make further enquiries if necessary.

Nomination Committee

A Nomination Committee was established by the Company in 2005. In order to comply with the new code provision contained in the Code, Mr. John Ming Tak HO has been re-designated from the chairman of the Nomination Committee to a member of the Nomination Committee, and Mr. Lawrence Kam Kee YU has been appointed as the chairman of the Nomination Committee, both with effect from 21 November 2011. The committee comprises Mr. Lawrence Kam Kee YU, Mr. Rustom Ming Yu HO, Mr. John Ming Tak HO, Mr. David Hon To YU and Mr. Hsu Chou WU. The major responsibilities of the Nomination Committee include reviewing and approving all new appointments of directors and senior management of the Group, and monitoring the overall adequacy of the Board's composition.

The Nomination Committee holds meeting annually to review the current directors and senior management structure, and to monitor the overall adequacy of the Board's composition. It has been decided no change is required at present. The attendance of each director is set out as follows:

Name of director	**Number of attendance**
Mr. Lawrence Kam Kee YU *(Re-designated as Chairman on 21 November 2011)*	1/1
Mr. Rustom Ming Yu HO	1/1
Mr. John Ming Tak HO *(Resigned as Chairman and remained as a member on 21 November 2011)*	1/1
Mr. David Hon To YU	1/1
Mr. Hsu Chou WU	1/1

Remuneration Committee

A Remuneration Committee was established by the Company in 2005. The committee is chaired by Mr. Lawrence Kam Kee YU and Mr. John Ming Tak HO and Mr. David Hon To YU are members. The majority members of the committee are independent non-executive directors. The primary function of the Remuneration Committee is to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management. The directors' emoluments are determined, among other things, by reference to their duties and responsibilities with the Company, their experience for the industry, prevailing market conditions and the Company's performance. During the year ended 31 December 2011, the Remuneration Committee held two meetings to review the remuneration packages of directors and senior management and make recommendation to the Board, with all committee members present in the meeting.

Accountability and Audit

Financial Reporting

The management provides such explanation and information to the Board to facilitate an informed assessment of the financial and other information put before the Board for approval. The directors acknowledge their responsibility to prepare the financial statements that give a true and fair view of the state of affairs of the Group. Meanwhile, the directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable. In preparing the financial statements for the year ended 31 December 2011, the accounting principles generally accepted in Hong Kong have been adopted and the requirements of the Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the applicable laws were complied with. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern. The Board has prepared the financial statements on a going concern basis. The reporting responsibilities of external auditors of the Company are disclosed in "Independent Auditor's Report" of this annual report.

Internal Controls

The Board has overall responsibilities for maintaining a sound and effective internal control system of the Group. The system includes a defined management structure with limits of authority, safeguards its assets against unauthorized use or disposition, ensures the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensures compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage the risks of failure in the Group's operational systems and in the achievement of the Group's objectives.

In the opinion of the directors, the size of Group does not warrant setting up an internal audit department. However, during the year, the Board with the assistance of external professional firm, Li, Tang, Chen & Co, has conducted a review on the effectiveness of management supervision, compliance of the Code, and major areas of the internal control systems and procedures to assure the Board that the system of internal control is functioning as intended for the year ended 31 December 2011. The results of the internal control review were submitted to the Board for their consideration. The Board has not identified any critical internal control weaknesses.

Audit Committee

The Audit Committee comprises the three independent non-executive directors. The committee is chaired by Mr. David Hon To YU who possesses recognized professional qualifications in accounting and extensive experience in audit and accounting. The Audit Committee is to oversee the Group's financial reporting system and internal control procedures, and to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard. During the year ended 31 December 2011, the Audit Committee held two meetings with attendance record as follows:

Name of member	Number of attendance
Mr. David Hon To YU *(Chairman)*	2/2
Mr. Lawrence Kam Kee YU	2/2
Mr. Hsu Chou WU	2/2

At the meetings, the Audit Committee has reviewed the audited financial statements for the year ended 31 December 2011 and the interim accounts for six months ended 30 June 2011, respectively with senior management and the Company's external auditors. The Audit Committee has also reviewed the Group's accounting principles and practices, listing rules and statutory compliance, and financial reporting matters including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their programmes and budget.

Remuneration to the External Auditor of the Company

The remuneration paid by the Company to its auditor, Deloitte Touche Tohmatsu, during the year amounted to HK$1,230,000, the whole of which was incurred exclusively for the audit services and HK$349,000 for other services provided by Deloitte Touche Tohmatsu.

Delegation by the Board

Management Functions

Executive directors are in charge of different business and functional divisions in accordance with their respective areas of expertise. The Board, led by the Chairman, is responsible for setting overall corporate strategies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. Supported by senior management members, the Managing Director is responsible for effective implementation of the Board's decisions and the day-to-day operations of the Group.

Board Committees

Audit Committee, Remuneration Committee and Nomination Committee have been established to oversee specific aspects of the Company's affairs. Each of these committees has specific written terms of reference which deal clearly with their authorities and duties.

Communication with Shareholders

Effective Communication

The Company discloses relevant information to shareholders through the Company's annual report and financial statements, the interim report, as well as the AGM. The sections under "Statement from the Managing Director" and "Management Discussion and Analysis" of the annual report facilitate the shareholders' understanding of the Company's activities. The AGM provides a sound channel for shareholders to meet and communicate with the directors. The results of the AGM poll are published on the Stock Exchange's website and the Company's website. The Company's financial statements and each of the required disclosure of information are dispatched within the prescribed period imposed by laws and regulations. To further promote effective communication, the corporate website is maintained to disseminate company announcements and other relevant financial and non-financial information electronically on a timely basis.

Directors' Report

The directors have pleasure in presenting to shareholders their annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2011.

Principal Activities

The Company is an investment holding company and its subsidiaries are principally engaged in trading of animal feed (including fishmeal and tapioca chips), property investment and trading of properties. The principal activities of its subsidiaries are set out in note 18 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2011 are set out in the consolidated income statement on page 23.

The directors recommend the payment of a final dividend of HK$0.01 per share, amounting to HK$2,616,849 for the year to the shareholders of the Company whose names appear on the Register of Members of the Company on Monday, 28 May 2012. Subject to the approval of the Company's shareholders at the Company's forthcoming annual general meeting to be held on 17 May 2012, the said proposed final dividend is expected to be paid on 15 June 2012.

Reserves

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 27.

Movements in the reserves of the Company during the year are set out in note 30 to the consolidated financial statements.

Investment Properties

Details of movements in the investment properties of the Group during the year are set out in note 15 to the consolidated financial statements.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group and the Company during the year are set out in note 16 to the consolidated financial statements.

Principal Properties

Details of the principal properties of the Group at 31 December 2011 are set out on pages 94 and 95.

Subsidiaries and Associates

Details of the Company's subsidiaries and associates at 31 December 2011 are set out in notes 18 and 19 to the consolidated financial statements, respectively.

Share Capital

Details of the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

Distributable Reserves of the Company

At 31 December 2011, the Company's reserves available for distribution, calculated under Section 79B of the Hong Kong Companies Ordinance, consisted of retained profits of approximately HK$136 million (2010: HK$129 million).

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 securities during the year ended 31 December 2011.

Directors

The directors of the Company during the year and up to the date of this report were:

Executive Directors
Mr. Rustom Ming Yu HO *(Chairman)*
Mr. John Ming Tak HO *(Managing Director)*
Mr. Patrick Kwok Wai POON
Mr. Maung Tun MYINT

Non-Executive Director
Ms. Yu Gia HO

Independent Non-Executive Directors
Mr. Lawrence Kam Kee YU
Mr. David Hon To YU
Mr. Hsu Chou WU

In accordance with Article 104(A) of the Company's Articles of Association, Mr. Rustom Ming Yu HO, Mr. Hsu Chou WU and Ms. Yu Gia HO will retire as directors of the Company by rotation at the Company's forthcoming annual general meeting. All of the above three retiring directors, being eligible, will offer themselves for re-election at the meeting.

The Company has received annual confirmation of independence from each of the independent non-executive directors pursuant to the requirement of Rule 3.13 of the Listing Rules. The Company considers all independent non-executive directors to be independent.

Directors' Service Contracts

Mr. Hsu Chou WU and Ms. Yu Gia HO have entered into service contracts with the Company for three years commencing on 1 April 2011.

Save as disclosed above, no director proposed for re-election at the Company's forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts of Significance

No contracts of significance to which the Company or any of its holding companies, or its subsidiaries was a party and in which a director of the Company has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Arrangements to Purchase Shares or Debentures

Save as the share option scheme as disclosed in note 29 to the consolidated financial statements, at no time during the year was the Company or any of its holding companies, or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations

As at 31 December 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

	Number of shares interested			
Name of director	**Family interests**	**Corporate interests**	**Total interests**	**Percentage* of the issued share capital of the Company**
Mr. Rustom Ming Yu HO	—	138,347,288 *(Note)*	138,347,288	52.87%
Mr. John Ming Tak HO	600,000	138,347,288 *(Note)*	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 have 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 31 December 2011.*

Save as disclosed above, as at 31 December 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 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, 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 year ended 31 December 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 31 December 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: Direct interests	Deemed interests	Total interests	Percentage* of the issued share capital of the Company
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 31 December 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 31 December 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 under Section 336 of the SFO.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

Major Customers and Suppliers

The Group's five largest trading operation customers accounted for approximately 32.77% (2010: 56.44%) of the Group's turnover for its trading operation for the year. Approximately 8.54% (2010: 26.02%) of the Group's turnover for its trading operation was attributable to the largest customer.

Approximately 57.95% (2010: 65.16%) of the Group's purchases for its trading operation were attributable to the five largest trading operation suppliers with the largest supplier accounted for approximately 18.69% (2010: 26.14%) of the purchases. Due to the nature of the Group's other operations, information on the Group's customers and suppliers for the Group's other operations are not provided as it is considered to be of limited value.

As at 31 December 2011, COFCO (Hong Kong) Limited ("COFCO Hong Kong"), a shareholder holding more than 5% of the Company's issued share capital, had a beneficial interest in one of the Group's five largest customers. All transactions between the Group and the customer concerned were carried out on normal commercial terms.

Corporate Governance

The corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" of this annual report.

Continuing Connected Transaction

COFCO Hong Kong is interested in 45,058,000 shares of the Company, representing approximately 17.22% of the issued share capital of the Company and hence a connected person of the Company. Since COFCO Hong Kong and COFCO Feed Co., Ltd. ("COFCO Feed") are fellow subsidiaries of COFCO Corporation, COFCO Feed is an associate of COFCO Hong Kong and a connected person of the Company. Therefore, the sales transactions between the Group and COFCO Feed contemplated under the below-mentioned Master Sales Agreement constituted continuing connected transaction of the Company under the Listing Rules.

On 11 May 2011, the Company entered into a master sales agreement (the "Master Sales Agreement") with COFCO Feed for the period from 27 June 2011 to 31 December 2013. Pursuant to the Master Sales Agreement, the Group agreed to sell and COFCO Feed agreed to purchase from the Group the animal feed products (including fishmeal and tapioca chips) during the term of the Master Sales Agreement. The Master Sales Agreement can facilitate the Group to establish a long-term and stable relationship with COFCO Feed which shall in turn provide a secure source of revenue for the Group. The pricing of the animal feed products has been and will be, determined with reference to: (i) the price set by the Mainland China government (if any): or (ii) if no such price is set by the Mainland China government, such market price (per unit) of the animal feed products as agreed upon between the parties after negotiations. The Group has guaranteed and undertaken to COFCO Feed that the price of the animal feed products sold by the Group to COFCO Feed pursuant to the Master Sales Agreement will not be higher than the price of the identical goods provided by the Group to other independent third parties and will be on normal commercial terms.

The annual caps approved by the shareholders of the Company at the Company's extraordinary general meeting held on 27 June 2011 for the financial years ended/ending 31 December 2011, 31 December 2012, and 31 December 2013 were HK$360,000,000, HK$415,000,000 and HK$477,000,000 respectively. For the year ended 31 December 2011, the total order amount and invoiced value of these transactions ("COFCO Feed Transactions") amounted to HK$152,229,000 and HK$128,577,000 respectively.

The independent non-executive directors of the Company have reviewed the COFCO Feed Transactions and confirmed that they have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms or on terms no less favorable to the Group than the terms available to independent third parties; and

(iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the above mentioned continuing connected transaction in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Emolument Policy

The emolument policy of the employees of the Group is formulated and approved by the Board based on the employees' merit, qualification and competence.

The emoluments of the directors of the Company are determined by the Board, having regard to the Company's operating results, individual performance and comparable market statistics, based on the recommendation of the Remuneration Committee of the Company.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public throughout the year ended 31 December 2011.

Auditor

The consolidated financial statements of the Group for the year ended 31 December 2011 were audited by Deloitte Touche Tohmatsu who will retire at the conclusion of the Company's forthcoming annual general meeting to be held on 17 May 2012.

On 29 March 2012, the Board resolved to propose the appointment of BDO Limited as the auditor of the Company to fill the vacancy to be left by the retirement of Deloitte Touche Tohmatsu. A resolution will be submitted to the shareholders at the forthcoming annual general meeting of the Company to appoint BDO Limited as the auditor of the Company.

On behalf of the Board

John Ming Tak HO
Managing Director
29 March 2012

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF GREAT CHINA HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Great China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 23 to 93, which comprise the consolidated and the Company's statements of financial position as at 31 December 2011, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 March 2012

Consolidated Income Statement

For the year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Revenue	4	**1,802,709**	2,467,033
Cost of sales		**(1,756,770)**	(2,278,114)
Gross profit		**45,939**	188,919
Other income	6	**90,968**	50,292
Increase in fair value of investment properties		**76,797**	58,246
Change in fair value of financial assets designated at fair value through profit or loss		**—**	661
Change in fair value of derivative financial instruments		**(18,672)**	(16,724)
Gain on disposal of available-for-sale financial assets		**—**	750
Impairment loss on available-for-sale financial assets		**(24)**	(3)
Distribution costs		**(66,539)**	(109,863)
Administrative expenses		**(34,335)**	(40,973)
Finance costs	7	**(21,130)**	(12,915)
Share of results of associates		**(940)**	9,680
Profit before taxation	8	**72,064**	128,070
Income tax expense	10	**(16,193)**	(10,833)
Profit for the year attributable to owners of the Company		**55,871**	117,237
Earnings per share — Basic	12	**HK21.35 cents**	HK44.80 cents

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**55,871**	117,237
Other comprehensive income		
Exchange difference arising on translation	**29,706**	31,071
Increase in fair value of available-for-sale financial assets	**430**	565
Reclassification adjustment for cumulative gain included in profit or loss upon disposal	**—**	(750)
Other comprehensive income for the year	**30,136**	30,886
Total comprehensive income for the year attributable to owners of the Company	**86,007**	148,123

Statements of Financial Position

At 31 December 2011

		THE GROUP		THE COMPANY	
	Notes	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Non-current assets					
Goodwill	*14*	**3,000**	3,000	**—**	—
Investment properties	*15*	**934,403**	841,098	**—**	—
Property, plant and equipment	*16*	**49,667**	50,563	**28**	47
Prepaid lease payments for land	*17*	**275**	279	**—**	—
Interests in subsidiaries	*18*	**—**	—	**87,096**	78,616
Interests in associates	*19*	**146,450**	137,958	**3,669**	2,430
Amounts due from subsidiaries	*20*	**—**	—	**298,024**	298,024
Loan to an associate	*19*	**17,290**	16,911	**17,290**	16,911
Amount due from an associate	*19*	**44,678**	44,640	**44,678**	44,640
Available-for-sale financial assets	*21*	**2,158**	1,752	**—**	—
Derivative financial assets	*25*	**574**	—	**—**	—
Restricted bank deposit	*26*	**16,659**	—	**—**	—
		1,215,154	1,096,201	**450,785**	440,668
Current assets					
Properties held for sale	*22*	**19,109**	17,996	**—**	—
Inventories	*23*	**22,287**	29,100	**—**	—
Prepaid lease payments for land	*17*	**4**	4	**—**	—
Trade and other receivables	*24*	**669,601**	580,530	**499**	355
Tax recoverable		**548**	—	**548**	—
Amounts due from subsidiaries	*20*	**—**	—	**177,818**	345,847
Derivative financial assets	*25*	**3,291**	112	**—**	—
Pledged bank deposits	*26*	**616,494**	524,699	**—**	—
Structured bank deposits	*26*	**274,757**	283,165	**—**	—
Bank balances and cash	*26*	**91,430**	193,303	**749**	5,138
		1,697,521	1,628,909	**179,614**	351,340

Statements of Financial Position

At 31 December 2011

	Notes	THE GROUP 2011 HK$'000	THE GROUP 2010 HK$'000	THE COMPANY 2011 HK$'000	THE COMPANY 2010 HK$'000
Current liabilities					
Trade and bills payables	27	**494,412**	297,130	**—**	—
Other payables and accrued expenses		**55,939**	53,218	**9,587**	6,849
Rental deposits received		**2,348**	1,344	**—**	—
Amounts due to subsidiaries	20	**—**	—	**334,828**	344,819
Borrowings	28	**957,487**	1,131,861	**10,753**	196,529
Taxation payable		**3,694**	3,195	**—**	1,016
Derivative financial liabilities	25	**14,115**	16,483	**—**	—
		1,527,995	1,503,231	**355,168**	549,213
Net current assets (liabilities)		**169,526**	125,678	**(175,554)**	(197,873)
Total assets less current liabilities		**1,384,680**	1,221,879	**275,231**	242,795
Non-current liabilities					
Derivative financial liabilities	25	**1,527**	—	**—**	—
Borrowings	28	**180,212**	117,888	**67,738**	41,624
Deferred tax liabilities	31	**119,261**	103,298	**—**	—
Rental deposits received		**5,140**	5,543	**—**	—
		306,140	226,729	**67,738**	41,624
Net assets		**1,078,540**	995,150	**207,493**	201,171
Capital and reserves					
Share capital	29	**52,337**	52,337	**52,337**	52,337
Reserves	30	**1,026,203**	942,813	**155,156**	148,834
Total equity		**1,078,540**	995,150	**207,493**	201,171

The consolidated financial statements on pages 23 to 93 were approved and authorised for issue by the board of directors on 29 March 2012 and are signed on its behalf by:

DIRECTOR

DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Properties revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2010	52,337	19,516	80,236	495	1,025	698,652	852,261
Exchange difference arising on translation	—	—	31,071	—	—	—	31,071
Increase in fair value of available-for-sale financial assets	—	—	—	—	565	—	565
Reclassification adjustment for cumulative gain included in profit or loss upon disposal	—	—	—	—	(750)	—	(750)
Other comprehensive income for the year	—	—	31,071	—	(185)	—	30,886
Profit for the year	—	—	—	—	—	117,237	117,237
Total comprehensive income for the year	—	—	31,071	—	(185)	117,237	148,123
Dividends paid *(note 13)*	—	—	—	—	—	(5,234)	(5,234)
At 31 December 2010	52,337	19,516	111,307	495	840	810,655	995,150
Exchange difference arising on translation	—	—	29,706	—	—	—	29,706
Increase in fair value of available-for-sale financial assets	—	—	—	—	430	—	430
Other comprehensive income for the year	—	—	29,706	—	430	—	30,136
Profit for the year	—	—	—	—	—	55,871	55,871
Total comprehensive income for the year	—	—	29,706	—	430	55,871	86,007
Dividends paid *(note 13)*	—	—	—	—	—	(2,617)	(2,617)
At 31 December 2011	**52,337**	**19,516**	**141,013**	**495**	**1,270**	**863,909**	**1,078,540**

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**72,064**	128,070
Adjustments for:		
Finance costs	**21,130**	12,915
Share of results of associates	**940**	(9,680)
Allowance for (reversal of allowance for) doubtful debts	**83**	(468)
Allowance for inventories	**2,453**	1,415
Amortisation of prepaid lease payments for land	**4**	4
Impairment loss on available-for-sale financial assets	**24**	3
Depreciation of property, plant and equipment	**2,194**	2,421
Interest income	**(35,909)**	(14,416)
Imputed interest income on loan to an associate	**(338)**	(331)
Imputed interest income on amount due from an associate	**(893)**	—
Increase in fair value of investment properties	**(76,797)**	(58,246)
Change in fair value of derivative financial instruments	**18,672**	16,724
Gain on disposal of property, plant and equipment	**(640)**	(226)
Gain on disposal of available-for-sale financial assets	**—**	(750)
Change in fair value of financial assets designated at fair value through profit or loss	**—**	(661)
Operating cash flows before movements in working capital	**2,987**	76,774
Decrease in inventories	**5,443**	49,596
Increase in trade and other receivables	**(79,541)**	(245,752)
Increase in derivative financial instruments	**(23,266)**	(319)
Increase (decrease) in trade and bills payables	**193,918**	(45,318)
Decrease in other payables and accrued expenses	**(4,863)**	(5,137)
Increase (decrease) in rental deposits received	**463**	(259)
Cash from (used in) operations	**95,141**	(170,415)
Hong Kong Profits Tax paid	**(1,869)**	(652)
Overseas tax paid	**(449)**	(5,700)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**92,823**	(176,767)

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
INVESTING ACTIVITIES		
Placement of pledged bank deposits	**(616,494)**	(521,249)
Placement of structured bank deposits	**(274,757)**	(283,165)
Placement of restricted bank deposit	**(16,659)**	—
Purchase of property, plant and equipment	**(1,078)**	(1,100)
Withdrawal of pledged bank deposits	**524,699**	148,329
Withdrawal of structured bank deposits	**283,165**	—
Interest received	**28,842**	7,959
Proceeds from disposal of property, plant and equipment	**640**	324
Proceeds from disposal of financial assets designated at fair value through profit or loss	**—**	21,746
Proceeds from disposal of available-for-sale financial assets	**—**	2,150
Proceeds from disposal of assets classified as held for sale	**—**	1,658
Repayments from an associate	**—**	(917)
Purchase of an investment property	**—**	(28,748)
NET CASH USED IN INVESTING ACTIVITIES	**(71,642)**	(653,013)
FINANCING ACTIVITIES		
New bank loans raised	**534,617**	814,039
Increase in financing from discounting of bills receivable with full recourse	**365,723**	97,484
Repayment of bank loans	**(823,475)**	(166,150)
(Decrease) increase in trust receipt loans	**(189,589)**	189,589
Interest paid	**(13,546)**	(8,496)
Dividends paid	**(2,617)**	(5,234)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(128,887)**	921,232
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(107,706)**	91,452
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**193,303**	97,693
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**5,833**	4,158
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**91,430**	193,303
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**91,430**	193,303

Note: The above illustrates the indirect method of reporting cash flows from operating activities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

1. General

The Company is a limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate holding company is Fulcrest Limited and its ultimate holding company is Kwong Fong Industries Corporation with its shares listed on Taiwan Stock Exchange Corporation. The address of the registered office and principal place of business of the Company is Unit D, 26th Floor, United Centre, 95 Queensway, Hong Kong.

The functional currency of the Company and its major subsidiaries is United States dollars ("USD"). The consolidated financial statements are presented in Hong Kong dollars which is different from the functional currency of the Company, as the directors of the Company consider that Hong Kong dollars is the more appropriate presentation currency in view of its place of listing.

The Company is an investment holding company and its subsidiaries are principally engaged in the trading of animal feed, property investment and trading of properties.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group and the Company have applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group and the Company have not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets[1]
	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") *(continued)*

New and revised HKFRSs issued but not yet effective *(continued)*

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 July 2012.
6 Effective for annual periods beginning on or after 1 January 2014.

Amendments to HKFRS 7 "Disclosures — Transfers of Financial Assets"

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

Amendments to HKAS 32 "Offsetting Financial Assets and Financial Liabilities" and amendments to HKFRS 7 "Disclosures — Offsetting Financial Assets and Financial Liabilities"

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") *(continued)*

New and revised HKFRSs issued but not yet effective *(continued)*

HKFRS 9 "Financial Instruments" (continued)

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at 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 reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. 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 recognition 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. Currently, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future will not have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK (SIC) — Int 12 "Consolidation — Special Purpose Entities". 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) the 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.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") *(continued)*

New and revised HKFRSs issued but not yet effective *(continued)*

New and revised Standards on consolidation, joint arrangements, associates and disclosures (continued)

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The directors are in the process of assessing the impact of the application of these standards on the results and financial position of the Group.

HKFRS 13 "Fair Value Measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") *(continued)*

New and revised HKFRSs issued but not yet effective *(continued)*

Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKAS 12 "Deferred Tax — Recovery of Underlying Assets"

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and financial position of the Group and the Company.

3. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

3. Significant accounting policies *(continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Interests in subsidiaries

Interests in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment losses.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits", respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. Significant accounting policies *(continued)*

Business combinations *(continued)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. Significant accounting policies *(continued)*

Interests in associates *(continued)*

Interests in associates are included in the Company's statement of financial position at cost less any identified impairment losses.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents the amounts received and receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Revenue from sales of properties is recognised when the risks and rewards of the properties are transferred to the buyers, upon execution of binding sales agreement and delivery of properties to buyers.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight line basis over the terms of the relevant leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expenses on a straight line basis over the lease term.

Agency fee income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

3. Significant accounting policies *(continued)*

Property, plant and equipment *(continued)*

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as expenses on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments for land" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3. Significant accounting policies *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. Significant accounting policies *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets at fair value through profit or loss (continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amounts due from subsidiaries, loan to an associate, trade and other receivables, amount due from an associate, bank balances, pledged bank deposits, structured bank deposits and restricted bank deposit) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

3. Significant accounting policies *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 90 days and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, loan to an associate and amounts due from an associate and subsidiaries where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. Significant accounting policies *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at fair value through profit or loss

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities (including trade and bills payables, other payables, rental deposits received, amounts due to subsidiaries and borrowings), are subsequently measured at amortised cost, using the effective interest method.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

3. Significant accounting policies *(continued)*

Financial instruments *(continued)*

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Company and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Company measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Significant accounting policies *(continued)*

Inventories and properties held for sale

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Properties held for sale, which represent unsold completed properties, are stated at the lower of cost and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Impairment loss on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or as cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in profit or loss for the period.

3. Significant accounting policies *(continued)*

Foreign currencies *(continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

3. Significant accounting policies *(continued)*

Taxation *(continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly to equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

Retirement benefit costs

Payments to the retirement benefits schemes are charged as expenses when employees have rendered service entitling them to the contributions.

4. Revenue

Revenue represents revenue arising on sale of fishmeal and tapioca chips, sale of properties, rental and leasing and agency fee income for the year. An analysis of the Group's revenue for the year is as follows:

	2011 **HK$'000**	2010 HK$'000
Sales of goods	**1,768,454**	2,432,803
Rental income from investment properties	**33,620**	31,364
Agency fee income	**635**	2,866
	1,802,709	2,467,033

5. 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 the operating divisions of the Group.

The Group's operating and reportable segments under HKFRS 8 are as follows:

1. General trading — trading of fishmeal 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.

Segment revenue and results

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

2011

	General trading HK$'000	Property investment in Hong Kong HK$'000	Property investment in the PRC HK$'000	Trading of properties HK$'000	Consolidated HK$'000
REVENUE					
External sales	**1,768,538**	**13,775**	**20,396**	**—**	**1,802,709**
Segment (loss) profit after tax	**(17,362)**	**55,678**	**26,721**	**—**	**65,037**
Impairment loss on available-for-sale financial assets					**(24)**
Central administration costs					**(8,552)**
Unallocated finance costs					**(333)**
Unallocated income tax expense					**(257)**
Profit for the year					**55,871**

5. Segment information *(continued)*

Segment revenue and results *(continued)*

2010

	General trading HK$'000	Property investment in Hong Kong HK$'000	Property investment in the PRC HK$'000	Trading of properties HK$'000	Consolidated HK$'000
REVENUE					
External sales	2,434,968	13,635	18,430	—	2,467,033
Segment profit after tax	48,875	31,677	46,702	—	127,254
Change in fair value of financial assets designated at fair value through profit or loss					661
Gain on disposal of available-for-sale financial assets					750
Impairment loss on available-for-sale financial assets					(3)
Central administration costs					(8,904)
Unallocated finance costs					(994)
Unallocated income tax expense					(1,527)
Profit for the year					117,237

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment (loss) profit after tax represents (loss incurred) profit earned by each reportable segment without allocation of income and expenses of the Group's head office, including: change in fair value of financial assets designated at fair value through profit or loss, gain on disposal of available-for-sale financial assets, impairment loss on available-for-sale financial assets, 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.

5. Segment information *(continued)*

Segment assets and liabilities

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

At 31 December 2011

	General trading HK$'000	Property investment in Hong Kong HK$'000	Property investment in the PRC HK$'000	Trading of properties HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	**1,679,773**	**516,751**	**648,561**	**19,109**	**2,864,194**
Corporate assets					**48,481**
Consolidated assets					**2,912,675**
LIABILITIES					
Segment liabilities	**1,465,527**	**177,961**	**81,319**	**—**	**1,724,807**
Corporate liabilities					**109,328**
Consolidated liabilities					**1,834,135**

At 31 December 2010

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

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than the Group head office's corporate assets; and
- all liabilities are allocated to reportable segments other than the Group head office's corporate liabilities.

5. Segment information *(continued)*

Other segment information

2011

Amounts included in segment profit or segment assets:

	General trading HK$'000	Property investment in Hong Kong HK$'000	Property investment in the PRC HK$'000	Trading of properties HK$'000	Unallocated HK$'000	Consolidated HK$'000
Additions to non-current assets *(Note)*	756	—	322	—	—	1,078
Interests in associates	—	—	146,450	—	—	146,450
Share of losses of associates	—	—	940	—	—	940
Increase in fair value of investment properties	—	(52,530)	(24,267)	—	—	(76,797)
Depreciation of property, plant and equipment	312	7	881	—	994	2,194
Amortisation of prepaid lease payments for land	—	—	4	—	—	4
Gain on disposal of property, plant and equipment	(640)	—	—	—	—	(640)
Change in fair value of derivative financial instruments	18,672	—	—	—	—	18,672
Allowance for doubtful debt	—	—	83	—	—	83
Allowance for inventories	2,453	—	—	—	—	2,453
Exchange (gain) loss, net	(52,679)	7	(108)	—	628	(52,152)
Bank interest income	(35,873)	—	(35)	—	(1)	(35,909)
Imputed interest income on loan to an associate	—	—	(338)	—	—	(338)
Imputed interest income on amount due from an associate	—	—	(893)	—	—	(893)
Interest expense	18,850	1,047	900	—	333	21,130
Income tax expense	1,543	8,811	5,582	—	257	16,193

5. Segment information *(continued)*

Other segment information *(continued)*

2010

Amounts included in segment profit or segment assets:

	General trading HK$'000	Property investment in Hong Kong HK$'000	Property investment in the PRC HK$'000	Trading of properties HK$'000	Unallocated HK$'000	Consolidated HK$'000
Additions to non-current assets *(Note)*	664	37,862	436	—	—	38,962
Interests in associates	—	—	137,958	—	—	137,958
Share of profits of associates	—	—	(9,680)	—	—	(9,680)
Increase in fair value of investment properties	—	(23,358)	(34,888)	—	—	(58,246)
Depreciation of property, plant and equipment	588	9	829	—	995	2,421
Amortisation of prepaid lease payments for land	—	—	4	—	—	4
Gain on disposal of property, plant and equipment	—	(8)	(218)	—	—	(226)
Change in fair value of derivative financial instruments	16,724	—	—	—	—	16,724
Reversal of allowance for doubtful debts	—	—	(468)	—	—	(468)
Allowance for inventories	1,415	—	—	—	—	1,415
Exchange (gain) loss, net	(33,973)	(4)	(202)	—	708	(33,471)
Bank interest income	(14,349)	—	(67)	—	—	(14,416)
Imputed interest income on loan to an associate	—	—	(331)	—	—	(331)
Interest expense	9,926	638	1,357	—	994	12,915
Income tax expense	46	3,998	5,262	—	1,527	10,833

Note: Non-current assets excluded financial instruments.

5. Segment information *(continued)*

Geographical information

The Group's operations are located in Hong Kong and the PRC.

The Group's revenue by location of customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue		Non-current assets	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Hong Kong	**13,775**	13,635	**559,803**	508,274
Other regions in the PRC	**1,788,934**	2,453,398	**573,992**	524,624
	1,802,709	2,467,033	**1,133,795**	1,032,898

Note: Non-current assets excluded financial instruments.

Information about major customers

Revenue from customers contributing over 10% of the total sales of the Group of the corresponding years is as follows:

	2011 HK$'000	2010 HK$'000
Customer A	**N/A***	633,677
Customer B	**N/A***	272,607
Customer C	**N/A***	251,370

Revenue from the above customers are from the general trading segment.

* In the current year, revenue from individual customer did not contribute over 10% of the total sales of the Group.

6. Other income

	2011 HK$'000	2010 HK$'000
Bank interest income	**35,909**	14,416
Exchange gain, net *(Note)*	**52,152**	33,471
Gain on disposal of property, plant and equipment	**640**	226
Imputed interest income on loan to an associate	**338**	331
Imputed interest income on amount due from an associate	**893**	—
Sundry	**1,036**	1,848
	90,968	50,292

6. Other income *(continued)*

Note: Included in exchange gain is an unrealised gain of HK$26,883,000 (2010: HK$15,649,000) arising from re-translation of foreign currency pledged bank deposits and bills receivables which are denominated in Renminbi ("RMB") at the rate prevailing at the end of the reporting period. The Group has entered into arrangements with banks that these pledged bank deposits and bills receivables will be exchanged to USD to settle bank loans denominated in USD. At the same time, the Group has entered into foreign currency non-deliverable forward contracts which effectively fixed the exchange rate to convert the pledged bank deposits and bills receivable into USD on settlement dates of the relevant bank loans. The management is of the view that the above arrangements reduce the Group's exposure to currency fluctuations risk on these foreign currency balances.

Since the exchange rate prevailing at 31 December 2011 is more favorable than the forward contract rates, the management expects a net loss on reversal of exchange gain and change in fair value of these non-deliverable foreign currency forward contracts will be recognised from the above arrangements next year.

7. Finance costs

	2011 HK$'000	2010 HK$'000
Interest on bank loans		
— wholly repayable within five years	**19,108**	11,283
— not wholly repayable within five years	**2,022**	1,632
	21,130	12,915

8. Profit before taxation

	2011 HK$'000	2010 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Allowance (reversal of allowance) for doubtful debts	**83**	(468)
Amortisation of prepaid lease payments for land	**4**	4
Auditor's remuneration	**1,230**	1,230
Cost of inventories recognised as an expense	**1,756,770**	2,278,114
Depreciation of property, plant and equipment	**2,194**	2,421
Allowance for inventories	**2,453**	1,415
Share of taxation of an associate	**323**	3,614
Staff costs including directors' emoluments	**18,799**	19,546
Gross rental income from investment properties	**(33,620)**	(31,364)
Less: Outgoings	**3,687**	1,349
Net rental income from investment properties	**(29,933)**	(30,015)

Minimum lease payments for operating leases in respect of staff quarters amounting to HK$2,313,000 (2010: HK$2,213,000) are included in staff costs.

9. Directors' and employees' remuneration

(a) Directors' remuneration

	Mr. Rustom Ming Yu HO HK$'000	Mr. John Ming Tak HO HK$'000	Mr. Patrick Kwok Wai POON HK$'000	Mr. Maung Tun MYINT HK$'000	Mr. Lawrence Kam Kee YU HK$'000	Mr. David Hon To YU HK$'000	Mr. Hsu Chou WU HK$'000	Ms. Yu Gia HO HK$'000	Total HK$'000
2011									
Fees	**—**	**—**	**—**	**—**	**240**	**250**	**60**	**60**	**610**
Other emoluments									
Salaries and other benefits	**757**	**4,304**	**1,511**	**1,260**	**—**	**—**	**—**	**—**	**7,832**
Discretionary performance bonus	**50**	**270**	**59**	**158**	**—**	**—**	**—**	**—**	**537**
Retirement benefit scheme contributions	**—**	**12**	**41**	**12**	**—**	**—**	**—**	**—**	**65**
	807	**4,586**	**1,611**	**1,430**	**240**	**250**	**60**	**60**	**9,044**
2010									
Fees	—	—	—	—	240	250	60	60	610
Other emoluments									
Salaries and other benefits	757	4,067	1,316	1,200	—	—	—	—	7,340
Discretionary performance bonus	50	525	170	600	—	—	—	—	1,345
Retirement benefit scheme contributions	—	12	39	12	—	—	—	—	63
	807	4,604	1,525	1,812	240	250	60	60	9,358

The discretionary performance bonus is determined having regard to the performance of individuals and financial results of the Group.

9. Directors' and employees' remuneration *(continued)*

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2010: four) are directors of the Company whose emoluments are included in the disclosures in note (a) above. The emoluments of the remaining one (2010: one) individual are as follows:

	2011 HK$'000	2010 HK$'000
Salaries and other benefits	**520**	1,081
Discretionary performance bonus	**90**	90
Retirement benefit costs — defined contribution plan	**12**	12
	622	1,183

The emoluments were within the following bands:

	No. of employee	
	2011	2010
Nil to HK$1,000,000	**1**	—
HK$1,000,001 to HK$2,000,000	**—**	1

10. Income tax expense

	2011 HK$'000	2010 HK$'000
The charge comprises:		
Hong Kong Profits Tax		
Current year	**1,763**	1,718
Overprovision in prior years	**(37)**	—
	1,726	1,718
Other jurisdiction		
Current year	**414**	121
Overprovision in prior years	**—**	(4)
	414	117
Deferred tax liabilities *(note 31)*		
Current year	**14,053**	8,998
Taxation attributable to the Company and its subsidiaries	**16,193**	10,833

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

10. Income tax expense *(continued)*

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The income tax expense for the year can be reconciled to profit before taxation per the consolidated income statement as follows:

	2011 HK$'000	2010 HK$'000
Profit before taxation	**72,064**	128,070
Tax at Hong Kong Profits Tax rate of 16.5%	**11,891**	21,131
Tax effect of expenses not deductible for tax purpose	**959**	1,094
Tax effect of income not taxable for tax purpose	**(3,074)**	(4,940)
Tax effect of tax losses not recognised	**8,677**	5,949
Tax effect of share of results of associates	**155**	(1,597)
Tax effect on different tax rate of operations in other jurisdiction	**798**	(2,966)
Tax effect of utilisation of tax losses previously not recognised	**(2,852)**	(7,505)
Tax effect of utilisation of deductible temporary difference previously not recognised	**(357)**	(240)
Overprovision in prior years	**(37)**	(4)
Others	**33**	(89)
Income tax expense for the year	**16,193**	10,833

11. Profit attributable to owners of the Company

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of a profit of HK$8,939,000 (2010: HK$30,325,000).

12. Earnings per share — Basic

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

	2011 HK$'000	2010 HK$'000
Earnings for the purpose of basic earnings per share:		
Profit for the year attributable to owners of the Company	**55,871**	117,237

	Number of shares	
	2011	2010
Number of ordinary shares for the purpose of basic earnings per share	**261,684,910**	261,684,910

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

13. Dividends

	2011 HK$'000	2010 HK$'000
Interim dividend paid for 2011 of nil (2010: HK$0.01) per ordinary share	—	2,617
Final dividend paid for 2010 of HK$0.01 (2010: for 2009 of HK$0.01) per ordinary share	**2,617**	2,617
	2,617	5,234

The final dividend of HK$0.01 (2010: HK$0.01) per share for the year ended 31 December 2011 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

14. Goodwill

	THE GROUP HK$'000
COST	
At 1 January 2010, 31 December 2010, and 31 December 2011	22,308
IMPAIRMENT	
At 1 January 2010, 31 December 2010 and 31 December 2011	19,308
CARRYING AMOUNTS	
At 31 December 2011	3,000
At 31 December 2010	3,000

Goodwill in 2010 and 2011 was allocated to the cash generating unit ("CGU") that is engaged in the animal feed trading business with operation located in the PRC.

The recoverable amount of this CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a ten year period and discount rate of 10% (2010: 9%). The cash flows beyond the five year period are extrapolated using a zero growth rate and assuming steady cash flow at the fifth year. The growth rate does not exceed the long-term average growth rate for the animal feed trading business in which the CGU operates. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin based on the CGU's past performance and management's expectations for the market development. The discount rate used is pre-tax and reflect specific risks relating to the relevant segment. No impairment loss has been recognised in the consolidated income statement for the year.

15. Investment properties

	THE GROUP HK$'000
FAIR VALUE	
At 1 January 2010	730,215
Additions	37,862
Exchange realignment	14,775
Increase in fair value	58,246
At 31 December 2010	841,098
Exchange realignment	16,508
Increase in fair value	76,797
At 31 December 2011	934,403

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

The fair value of the Group's investment properties at 31 December 2011 and 2010 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.

Certain investment properties with an aggregate carrying value of HK$932,447,000 (2010: HK$839,342,000) were pledged to secure bank facilities granted to the Group.

The carrying value of investment properties shown above comprises:

	2011 HK$'000	2010 HK$'000
Properties situated on:		
— land in Hong Kong under:		
Long lease	**446,500**	422,600
Medium-term lease	**69,830**	41,200
	516,330	463,800
— land outside Hong Kong under:		
Long lease	**418,073**	377,298
	934,403	841,098

16. Property, plant and equipment

	Leasehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Furniture, fixtures and office equipment HK$'000	Total HK$'000
THE GROUP						
COST						
At 1 January 2010	38,216	9,281	9,231	3,499	5,511	65,738
Exchange realignment	—	128	207	33	85	453
Additions	—	—	—	765	335	1,100
Disposals	—	—	—	(1,017)	(8)	(1,025)
At 31 December 2010	38,216	9,409	9,438	3,280	5,923	66,266
Exchange realignment	—	133	160	38	95	426
Additions	—	—	173	342	563	1,078
Disposals	—	—	—	(1,580)	—	(1,580)
At 31 December 2011	38,216	9,542	9,771	2,080	6,581	66,190
DEPRECIATION						
At 1 January 2010	558	691	5,033	2,926	4,772	13,980
Exchange realignment	—	37	114	28	50	229
Provided for the year	319	222	1,143	510	227	2,421
Eliminated on disposals	—	—	—	(919)	(8)	(927)
At 31 December 2010	877	950	6,290	2,545	5,041	15,703
Exchange realignment	—	27	90	11	78	206
Provided for the year	318	222	1,171	156	327	2,194
Eliminated on disposals	—	—	—	(1,580)	—	(1,580)
At 31 December 2011	1,195	1,199	7,551	1,132	5,446	16,523
CARRYING VALUES						
At 31 December 2011	37,021	8,343	2,220	948	1,135	49,667
At 31 December 2010	37,339	8,459	3,148	735	882	50,563
THE COMPANY						
COST						
At 1 January 2010, 31 December 2010 and 31 December 2011	—	—	—	—	1,307	1,307
DEPRECIATION						
At 1 January 2010	—	—	—	—	1,241	1,241
Provided for the year	—	—	—	—	19	19
At 31 December 2010	—	—	—	—	1,260	1,260
Provided for the year	—	—	—	—	19	19
At 31 December 2011	—	—	—	—	1,279	1,279
CARRYING VALUES						
At 31 December 2011	—	—	—	—	28	28
At 31 December 2010	—	—	—	—	47	47

16. Property, plant and equipment *(continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account of their estimated residual values at the following rates per annum:

Category of assets

Leasehold land	Over the term of the lease
Buildings	Over the shorter of the term of the lease, or 40 years
Leasehold improvements	20%
Motor vehicles	25%
Furniture, fixtures and office equipment	20%

Certain land and buildings with an aggregate carrying amount of HK$42,705,000 (2010: HK$43,181,000) were pledged to secure bank facilities granted to the Group.

The carrying value of leasehold land comprises land in Hong Kong under long lease (2010: long lease).

17. Prepaid lease payments for land

The Group's prepaid lease payments for land comprise:

	THE GROUP	
	2011 HK$'000	2010 HK$'000
Leasehold land in the PRC held under — long lease	**279**	283
Analysed for reporting purposes as:		
— Non-current asset	**275**	279
— Current asset	**4**	4
	279	283

18. Interests in subsidiaries

	THE COMPANY	
	2011 HK$'000	2010 HK$'000
Unlisted shares, at cost	**51,216**	51,216
Deemed capital contribution in subsidiaries	**39,752**	31,272
Less: Impairment losses recognised	**(3,872)**	(3,872)
	87,096	78,616

18. Interests in subsidiaries *(continued)*

During the year, the directors of the Company reviewed the carrying values of the investments. The recoverable amounts of these investments for the year are determined with reference to the directors' estimate of discounted future cash flows and net assets of these investments as at the end of the reporting period. Accordingly, no further impairment loss has been recognised in the financial statements of the Company.

Particulars of the subsidiaries at 31 December 2011 and 2010 are as follows:

Name of subsidiary	**Place/country of incorporation/ operations**	**Issued share capital**	**Percentage of nominal value of issued share capital held directly/ indirectly by the Company 2011**	**2010**	**Principal activities**
Direct subsidiary					
Dajen Properties Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	100%	100%	Investment holding
G.C. Luckmate Trading (China) Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	100%	Animal feed trading
G.C. Nominees Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	100%	Inactive
Great China Development (Shanghai) Limited	British Virgin Islands/ Hong Kong	10 ordinary shares of US$1 each	100%	100%	Investment holding
Halesite Limited	Hong Kong	4,000,000 ordinary shares of HK$1 each	100%	100%	Property investment
Haode Property Management (Shanghai) Company Limited*	PRC	Registered capital of US$500,000	100%	100%	Real estate agent in Shanghai, China
Sunison Development Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	100%	Investment holding
Tai Loy Trading Company Limited	Hong Kong	43,344,000 ordinary shares of HK$1 each	100%	100%	Investment holding

18. Interests in subsidiaries *(continued)*

Name of subsidiary	Place/country of incorporation/ operations	Issued share capital	Percentage of nominal value of issued share capital held directly/ indirectly by the Company 2011	2010	Principal activities
Indirect subsidiary					
Adamgate Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	100%	100%	Investment holding
Alliance Pacific Investment Limited#	Hong Kong	2 ordinary shares of HK$1 each	—	100%	Inactive
Capital Head Investment Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	100%	Property investment in Shanghai, China
Concord Trinity Development Limited	Hong Kong	2 ordinary shares of HK$1 each and 2 non-voting deferred shares of HK$1 each *(Note)*	100%	100%	Property investment in Shanghai, China
G.C. Luckmate Trading Limited	Hong Kong	4,000,000 ordinary shares of HK$1 each	100%	100%	Animal feed trading
G.C. Luckmate Trading (Asia) Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	100%	Animal feed trading
G.C. Luckmate Trading (International) Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	100%	Animal feed trading
Glory South Investment Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	100%	Property investment
Great China Commodities Limited	British Virgin Islands/ Hong Kong	10,000 ordinary shares of US$1 each	100%	100%	Investment holding
Honour Alliance Development Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	100%	Property investment
Jasmine Ocean Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	100%	100%	Ship chartering

18. Interests in subsidiaries *(continued)*

Name of subsidiary	Place/country of incorporation/ operations	Issued share capital	Percentage of nominal value of issued share capital held directly/ indirectly by the Company 2011	2010	Principal activities
Indirect subsidiary (continued)					
Jelson Enterprises Limited	Hong Kong	2 ordinary shares of HK$1 each and 2 non-voting deferred shares of HK$1 each *(Note)*	100%	100%	Property investment in Shanghai, China
Poppins Properties Limited	British Virgin Islands/ Hong Kong	55,603 ordinary shares of US$1 each	100%	100%	Investment holding
Star Talent Investment Limited#	Hong Kong	2 ordinary shares of HK$1 each	—	100%	Inactive
Silver Regent Development Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	100%	Property investment
上海裕景貿易有限公司*	PRC	Registered capital of RMB3,000,000	100%	100%	Animal feed trading
博平置業(上海)有限公司*	PRC	Registered capital of US$8,460,000	100%	100%	Property investment in Shanghai, China
上海澤尼貿易有限公司*	PRC	Registered capital of US$150,000	100%	100%	Animal feed trading

* A wholly foreign owned enterprise

These subsidiaries were dissolved during the year ended 31 December 2011.

Note: The deferred shares, which are not held by the Group, carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies nor to participate in any distribution on winding up.

None of the subsidiaries had any debt security outstanding at the end of the year or at any time during the year.

19. Interests in associates/loan to an associate/amount due from an associate

	THE GROUP		THE COMPANY	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Cost of investment in unlisted associates	**—**	—	**—**	—
Share of post-acquisition reserves	**142,781**	135,528	**—**	—
Deemed contribution	**3,669**	2,430	**3,669**	2,430
	146,450	137,958	**3,669**	2,430

The loan to an associate is unsecured, interest-free and not repayable within the next twelve months after the end of the reporting period. Accordingly, the amount is shown as a non-current asset.

The interest-free loan is measured at amortised cost determined using the effective interest method. The effective interest rate of the amount is 2% (2010: 2%) per annum.

The amount due from an associate is unsecured and interest-free. The directors of the Company estimate that the amount will not be repaid within the next twelve months from the end of the reporting period. Accordingly, the amount is classified as non-current assets. The interest-free balance is measured at amortised cost using the effective interest method. The effective interest rate of the amount is 2% (2010: 2%) per annum.

Particulars of the associates at 31 December 2011 and 2010 are as follows:

Name of associate	**Form of business structure**	**Place of incorporation/ operation**	**Proportion of nominal value of issued share capital indirectly held by the Company**		**Principal activity**
			2011	**2010**	
Samstrong International Limited *(Note a)*	Incorporated	British Virgin Island/ Hong Kong	43%	43%	Investment holding
Da Da Development (Shanghai) Corporation *(Note b)*	Incorporated	PRC	43%	43%	Property investment in Shanghai, China
Yield Commence Limited *(Note c)*	Incorporated	Hong Kong	43%	43%	Investment holding

19. Interests in associates/loan to an associate/amount due from an associate *(continued)*

Notes:

a. Out of the total 43 shares held by the Group, 7 shares (2010: 7 shares) are charged to another shareholder of Samstrong International Limited in exchange for the consent from such shareholder to pledge the investment properties of the associate as security for banking facilities used by the Group.

b. Da Da Development (Shanghai) Corporation is a wholly foreign owned investment enterprise and a wholly owned subsidiary of Yield Commence Limited.

c. Yield Commence Limited is a wholly owned subsidiary of Samstrong International Limited.

The summarised consolidated financial information in respect of the Group's associates is set out below:

	2011 HK$'000	2010 HK$'000
Total assets	**584,297**	560,298
Total liabilities	**(245,357)**	(241,404)
Net assets	**338,940**	318,894
Group's share of net assets of associates	**146,450**	137,958
Revenue	**890**	3,775
(Loss) profit for the year	**(555)**	22,950
Group's share of results of associates for the year	**(940)**	9,680

20. Amounts due from (to) subsidiaries

	THE COMPANY	
	2011 HK$'000	2010 HK$'000
Amounts due from subsidiaries	**480,230**	648,259
Less: Impairment losses recognised	**(4,388)**	(4,388)
	475,842	643,871
Less: Amounts recoverable within one year shown under current assets	**(177,818)**	(345,847)
Amounts recoverable after one year	**298,024**	298,024

20. Amounts due from (to) subsidiaries *(continued)*

During the year, the directors reviewed the carrying values of amounts due from subsidiaries. The recoverable amounts of these amounts due from subsidiaries are determined with reference to the directors' estimate of discounted future cash flows and net assets of the subsidiaries as at the end of the reporting period. No further impairment loss has been recognised by the Company during the year.

Included in the amounts due from subsidiaries are amounts of HK$298,024,000 (2010: HK$298,024,000) which are unsecured, interest-free and not expected to be repaid within the next twelve months from the end of the reporting period. Accordingly, the amounts are classified as non-current assets. The remaining balance is unsecured, interest-free and repayable on demand.

The interest-free balance is initially measured at fair value and subsequently measured at amortised cost determined using the effective interest method. The effective interest rate of the amount is 2% (2010: 2%) per annum.

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

21. Available-for-sale financial assets

	THE GROUP	
	2011 HK$'000	2010 HK$'000
Club debentures	**2,158**	1,752

All available-for-sale financial assets, representing club debentures, are stated at fair value.

22. Properties held for sale

	THE GROUP	
	2011 HK$'000	2010 HK$'000
Properties held for sale		
— Prepaid lease payments for land use right	**5,873**	5,634
— Buildings	**13,236**	12,362
	19,109	17,996
Properties held for sale in the PRC under long lease	**19,109**	17,996

Certain properties held for sale with a carrying amount of HK$14,639,000 (2010: HK$13,778,000) have been pledged to secure bank facilities granted to the Group.

23. Inventories

	THE GROUP	
	2011 HK$'000	2010 HK$'000
Trading merchandises	**22,287**	29,100

24. Trade and other receivables

	THE GROUP		THE COMPANY	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Trade and bills receivables	**622,060**	550,374	**—**	—
Less: Allowance for doubtful debts	**(677)**	(594)	**—**	—
	621,383	549,780	**—**	—
Prepayments and deposits	**5,226**	3,232	**499**	355
Other receivables	**42,992**	27,518	**—**	—
Trade and other receivables	**669,601**	580,530	**499**	355

A significant portion of the Group's bills receivables are on sight letter of credit, usance letter of credit up to a tenor of 365 days and bank's acceptance bills up to a tenor of 180 days. For other trade receivables, the Group allows a credit period ranging from 30 to 90 days (2010: 30 to 90 days).

Included in trade and other receivables are trade and bills receivables with an aged analysis based on invoice date as follows:

	THE GROUP	
	2011 HK$'000	2010 HK$'000
0 – 30 days	**209,297**	122,514
31 – 60 days	**19,909**	23
61 – 90 days	**7,628**	8,183
91 – 120 days	**58,943**	419,060
Over 120 days	**325,606**	—
	621,383	549,780

Before accepting any new customer, the Group carries out research on the creditability of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year.

24. Trade and other receivables *(continued)*

Ageing of trade receivables which are past due but not impaired

	2011 HK$'000	2010 HK$'000
91 – 120 days	**—**	122,498
Over 120 days	**32,437**	—
	32,437	122,498

At 31 December 2011, included in trade receivables and other receivables are carrying amounts of HK$32,396,000 (2010: HK$130,630,000) and HK$13,067,000 (2010: HK$12,118,000) respectively, due from a customer, Guangzhou Jinhe Feed Company Limited ("Jinhe") of which HK$32,396,000 (2010: HK$122,498,000) of the trade receivable and the 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 guarantee from Mr. Wang Xianning (the "Guarantor") who pledged all his rights and interests in a property investment project (the "Collateral") to secure the receivables from Jinhe.

On 29 March 2011, the Shanghai No. 2 Intermediate People's Court (the "Shanghai Court") accepted the Group's writ application against Jinhe (as first defendant), together with Mr. Wong Hiuman (as second defendant who shares joint and several liabilities over the payment obligation of Jinhe under the fishmeal trading contracts) and the Guarantor (as third defendant) (collectively referred to as the "Defendants").

On 31 March 2011, the Group obtained an assets preservation order (the "First Order") from the Shanghai Court to seal up certain assets, including the Collateral, of the Defendants. The Group has paid RMB5,536,000 (equivalent to approximately HK$6,832,000) to the Shanghai Court and sealed up certain buildings, land use rights and properties held for sale with carrying amounts of HK$2,659,000, HK$279,000 and HK$1,356,000 respectively as guarantee for the application of the First Order.

On 13 November 2011, the Group withdrew the writ application against the Guarantor from the Shanghai Court and made an arbitration application to the China International Economic and Trade Arbitration Commission, Shanghai Sub-Commission (the "Arbitration Commission") against the Guarantor. The Group sought for judgment from the Arbitration Commission to request the Guarantor to reimburse the Group for amounts due from Jinhe. On the same date, the Collateral was released from the First Order.

On 28 November 2011, the Group, through the application to the Arbitration Commission, obtained an assets preservation order (the "Second Order") from the Heyuan Intermediate People's Court (the "Heyuan Court") to seal up the Collateral pledged by the Guarantor. The Group has charged a time deposit amount to RMB13,500,000 (equivalent to approximately HK$16,659,000) (note 26) to the Heyuan Court as guarantee for the application of the Second Order.

The next Shanghai Court hearing and Arbitration Commission hearing are expected to be held in April 2012.

The management of the Company considered the Group's legal counsel's opinion and is of the view that the amounts due from Jinhe are recoverable. The management of the Company considered that the Collateral is properly secured and estimated that the fair value of the Collateral exceeded the carrying amount of the receivables, therefore, no impairment loss is provided.

24. Trade and other receivables *(continued)*

Movement in the allowance for doubtful debts

	THE GROUP	
	2011 HK$'000	2010 HK$'000
Balance at the beginning of the year	**594**	1,382
Amounts written off during the year	**—**	(320)
Increase (decrease) in allowance recognised in profit or loss	**83**	(468)
Balance at the end of the year	**677**	594

Included in the allowance for doubtful debts were individually impaired trade receivables with an aggregate balance of HK$677,000 (2010: HK$594,000) which are in financial difficulties.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Company has concentration of credit risks as 4% (2010: 25%) and 13% (2010: 100%) of the total receivables were due from the Company's largest customer and the five largest customers respectively.

At 31 December 2011, the carrying amount of bills receivables with recourse, which had been discounted to certain banks as security for the borrowing was HK$493,263,000 (2010: HK$122,488,000). The carrying amount of the associated liability was HK$487,048,000 (2010: HK$121,325,000). Accordingly, the Group continued to recognise the full carrying amount of the receivables and had recognised the cash received from the banks as a secured borrowing.

25. Derivative financial instruments

	THE GROUP			
	Current		Non-current	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Derivative financial assets				
Foreign currency non-deliverable forward contracts	**1,866**	112	**574**	—
Interest rate swaps	**1,425**	—	**—**	—
	3,291	112	**574**	—
Derivative financial liabilities				
Foreign currency non-deliverable forward contracts	**7,633**	13,562	**—**	—
Foreign currency deliverable forward contracts	**673**	—	**—**	—
Interest rate swaps	**5,809**	2,921	**1,527**	—
	14,115	16,483	**1,527**	—

25. Derivative financial instruments *(continued)*

Foreign currency non-deliverable forward contracts

During both years, the Group entered into a number of foreign currency non-deliverable forward contracts to manage its currency fluctuation exposures. These instruments are to be settled on net basis on the maturity dates of the instruments.

At 31 December 2011, the total notional amount of the non-deliverable forward contracts which purchase USD and sell RMB amounted to USD88,035,000 (2010: USD103,898,000). The maturity of the contracts ranges from one month to seventeen months (2010: two months to twelve months) subsequent to the end of the reporting period. The contract rates range from RMB6.28: USD1 to RMB6.48: USD1 (2010: RMB6.45: USD1 to RMB6.79: USD1).

At 31 December 2011, the total notional amount of the non-deliverable forward contracts which purchase RMB and sell USD amounted to USD17,562,000 (2010: nil). The maturity of the contracts is one month subsequent to the end of the reporting period. The contract rates are at RMB6.34: USD1.

At 31 December 2011, the notional amount of the non-deliverable forward contract which purchases Hong Kong dollars and sells RMB amounted to HK$97,453,000 (2010: nil). The maturity of the contract is one month subsequent to the end of the reporting period. The contract rate is at RMB0.83: HK$1.

At 31 December 2011, the fair value of the Group's foreign currency non-deliverable forward contracts is estimated to be financial assets and financial liabilities of approximately HK$2,440,000 (2010: HK$112,000) and HK$7,633,000 (2010: HK$13,562,000) respectively.

Foreign currency deliverable forward contracts

During the year ended 31 December 2011, the Group entered into a number of foreign currency deliverable forward contracts to manage its currency fluctuation exposures. The instruments are purchasing USD and selling RMB and to be settled on gross basis on the maturity dates of the instruments.

At 31 December 2011, the total notional amount of the deliverable forward contracts amounted to USD17,457,000. The maturity of the contracts is one month subsequent to the end of the reporting period. The contract rates are at RMB6.38: USD1.

At 31 December 2011, the fair value of the Group's foreign currency deliverable forward contracts is estimated to be financial liabilities of approximately HK$673,000.

Interest rate swaps

During both years, the Group entered into a number of interest rate swap contracts to minimise its exposure to interest rate fluctuation of its USD and Hong Kong dollars variable-rate borrowings by swapping a portion of the variable-rate borrowings to fixed rates. These instruments are to be settled on net basis on the maturity dates of the instruments.

At 31 December 2011, the total notional amount of the interest rate swap contracts which swap interest rate from floating rates at London Inter Bank Offered Rate ("LIBOR") plus zero to 251 basis points (2010: zero to 200 basis points) per annum to fixed rates ranging from 1.09% to 3.20% (2010: 0.75% to 2.90%) per annum amounted to USD76,573,000 (2010: USD92,743,000). The maturity of the contracts ranges from one month to seventeen months (2010: four months to twelve months) subsequent to the end of the reporting period.

25. Derivative financial instruments *(continued)*

Interest rate swaps *(continued)*

At 31 December 2011, the total notional amount of the interest rate swap contracts which swap interest rate from floating rates at Hong Kong Inter Bank Offered Rate ("HIBOR") plus 65 to 165 basis points per annum to fixed rates ranging from 1.12% to 2.40% per annum amounted to HK$176,957,000 (2010: nil). The maturity of the contracts ranges from one month to fifteen months subsequent to the end of the reporting period.

At 31 December 2011, the fair value of the Group's interest rate swap contracts is estimated to be financial assets and financial liabilities of approximately HK$1,425,000 (2010: nil) and HK$7,336,000 (2010: HK$2,921,000) respectively.

26. Pledged bank deposits/Structured bank deposits/Bank balances and cash/ Restricted bank deposit

The Group

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The bank balances carry prevailing market interest rates ranging from 0.01% to 3.10% (2010: 0.01% to 1.91%) per annum.

Pledged deposits held by the Group carries prevailing market interest rate at 4.50% (2010: 2.50%) per annum. The deposits are pledged against bank borrowings repayable within twelve months from the end of the reporting, accordingly, the pledged deposits are classified as a current asset.

The structured bank deposits were principal-protected yield enhancement bank deposits carried a minimum interest rate ranging from 1.20% to 3.56% (2010: 1.70% to 2.00%) per annum and can be enhanced to a maximum interest rate ranging from 3.60% to 5.70% (2010: 4.00% to 6.00%) per annum which is to be determined by reference to the market exchange rate of USD/Euro or USD/HK$ during a pre-determined period ranging from one months to twelve months (2010: twelve months). The structured bank deposits contained embedded derivatives representing a return which would vary with prevailing market exchange rate of USD/Euro or USD/HK$. The directors of the Company consider that the fair value of the embedded derivative is minimal and hence no derivative financial instrument is recognised. Certain structured bank deposits with carrying value of HK$250,077,000 (2010: HK$283,165,000) were pledged against bank borrowings.

At 31 December 2011, restricted bank deposit represents a time deposit with original maturity of two years charged to the Heyuan Court as guarantee for the application of the Second Order to seal up the Collateral pledged by the Guarantor (details are set out in note 24). The restricted bank deposit carries fixed interest rate at 4.40% per annum.

The Company

Bank balances and cash comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The bank balances carry prevailing market interest rates at 0.01% (2010: 0.01%) per annum.

27. Trade and bills payables

At the end of the reporting period, an aged analysis of trade and bills payables based on invoice date is as follows:

	THE GROUP		THE COMPANY	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
0 – 30 days	**132,955**	—	**—**	—
31 – 60 days	**19,856**	—	**—**	—
61 – 90 days	**—**	—	**—**	—
91 – 120 days	**58,326**	297,130	**—**	—
Over 120 days	**283,275**	—	**—**	—
	494,412	297,130	**—**	—

A significant portion of the Group's bills payables are on usance letter of credit up to a tenor of 365 days. For other trade payables, the average credit period is 30 days (2010: 30 days). No interest is charged by the trade creditors. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

28. Borrowings

	THE GROUP		THE COMPANY	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Secured				
Bank loans	**650,651**	938,835	**78,491**	48,564
Liabilities associated with bills receivables discounted with full recourse	**487,048**	121,325	**—**	—
Trust receipt loans	**—**	189,589	**—**	189,589
	1,137,699	1,249,749	**78,491**	238,153
Carrying amount repayable*:				
Within one year	**887,502**	1,131,861	**10,753**	196,529
More than one year, but not exceeding two years	**21,794**	25,565	**10,803**	6,940
More than two years, but not exceeding five years	**62,650**	43,121	**31,515**	20,819
More than five years	**95,768**	49,202	**25,420**	13,865
	1,067,714	1,249,749	**78,491**	238,153
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 (shown under current liabilities)	**69,985**	—	**—**	—
	1,137,699	1,249,749	**78,491**	238,153
Less: Amount due within one year shown under current liabilities	**(957,487)**	(1,131,861)	**(10,753)**	(196,529)
Amount due after one year	**180,212**	117,888	**67,738**	41,624

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Include in the Group's and the Company's borrowings are variable-rate borrowings of HK$650,651,000 (2010: HK$1,128,424,000) and HK$78,491,000 (2010: HK$238,153,000), respectively, which carry interest at the lending rate quoted by the People's Bank of China, HIBOR or LIBOR plus certain basis points and subject to cash flow interest rate risk. The Group's fixed-rate borrowings of HK$487,048,000 (2010: HK$121,325,000) representing discounted bills receivables with recourse carry interest ranging from 1.41% to 3.20% (2010: 1.31%) per annum.

Included in secured bank loans are carrying amounts of HK$846,066,000 (2010: HK$796,936,000) secured by bank deposits of HK$865,245,000 (2010: HK$807,864,000). The pledged bank deposits will be released upon settlement of the relevant bank loans.

28. Borrowings *(continued)*

The effective interest rates per annum at the end of the reporting period on the borrowings of the Group and the Company were as follows:

	THE GROUP			THE COMPANY	
	HK$	US$	RMB	HK$	US$
2011					
Variable-rate borrowings:					
Bank loans	**1.53%**	**1.35%**	**6.72%**	**1.03%**	**1.38%**
Fixed-rate borrowings:					
Liabilities associated with bills receivables discounted with full recourse	**—**	**2.50%**	**—**	**—**	**—**
2010					
Variable-rate borrowings:					
Bank loans	1.58%	1.53%	5.19%	0.86%	1.52%
Trust receipt loan	—	1.64%	—	—	1.64%
Fixed-rate borrowings:					
Liabilities associated with bills receivables discounted with full recourse	—	1.31%	—	—	—

Bank borrowings are secured by certain investment properties, land and buildings, properties held for sale, bills receivables, bank deposits and structured bank deposits. Guarantees were also given by the Company in respect of certain subsidiaries' borrowings.

The Group's and the Company's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	THE GROUP		THE COMPANY	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Hong Kong dollars	**198,960**	30,749	**21,003**	25,443
USD	**—**	181,213	**—**	—
RMB	**71,842**	—	**—**	—

At the end of the reporting period, the Group and the Company have the following undrawn borrowing facilities:

	THE GROUP		THE COMPANY	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Floating rate				
— expiring within one year	**1,889,926**	2,539,241	**1,223,572**	933,024

The facilities expiring within one year are annual facilities subject to review at various dates during 2012.

29. Share capital

Shares

	Number of shares 2011 & 2010	Amount 2011 & 2010 HK$'000
Ordinary shares of HK$0.2 each		
Authorised:		
At 1 January and 31 December	500,000,000	100,000
Issued and fully paid:		
At 1 January and 31 December	261,684,910	52,337

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 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.

The total number of ordinary shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company (the "Limit") must not in aggregate exceed 26,168,491 shares, representing 10% of the ordinary shares of the Company in issue as at the date of this annual report. The maximum number of shares issued and to be issued upon exercise of the share options granted to each eligible participant in the Scheme (including exercised, cancelled and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any further grant of share options in the 12-month period up to and including the date of such further grant in excess of this Limit is subject to shareholders' approval in a general meeting.

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, is subject to approval in advance by the independent non-executive directors, other than an independent non-executive director who is proposed to be a grantee. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, which would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in a 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, is subject to shareholders' approval in advance in a general meeting of the Company.

29. Share capital *(continued)*

Share options *(continued)*

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determined by the Board of directors, save that such a period shall not be more than 10 years from the date of offer of the share options subject to the provisions for early termination as set out in the Scheme. Unless otherwise determined by the Board of directors at its sole discretion, there is no requirement of minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

The exercise price of the share options is determinable by the Board of directors, but shall not be less than the highest of:

(i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the share options which must be a trading day;

(ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer; and

(iii) the nominal value of the Company's shares.

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

30. Reserves

The Company

	Share premium HK$'000	**Retained profits** HK$'000	**Total** HK$'000
At 1 January 2010	19,516	104,227	123,743
Profit for the year	—	30,325	30,325
Dividends paid	—	(5,234)	(5,234)
At 31 December 2010	19,516	129,318	148,834
Profit for the year	—	8,939	8,939
Dividends paid	—	(2,617)	(2,617)
At 31 December 2011	19,516	135,640	155,156

31. Deferred taxation

The following are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the two years ended 31 December 2011 and 2010:

The Group

	Accelerated tax depreciation HK$'000	Revaluation of investment properties HK$'000	Tax losses HK$'000	Total HK$'000
At 1 January 2010	6,141	87,659	(1,141)	92,659
Exchange realignment	239	1,402	—	1,641
Charge to profit or loss for the year	707	8,100	191	8,998
At 31 December 2010	7,087	97,161	(950)	103,298
Exchange realignment	273	1,637	—	1,910
Charge to profit or loss for the year	1,079	12,632	342	14,053
At 31 December 2011	8,439	111,430	(608)	119,261

At the end of the reporting period, the Group has unused tax losses of HK$118,101,000 (2010: HK$84,837,000) available for offset against future profits. A deferred tax asset of approximately HK$608,000 (2010: HK$950,000) has been recognised in respect of approximately HK$3,685,000 (2010: HK$5,760,000) of such losses.

The Group

No deferred tax asset has been recognised in respect of the remaining HK$114,416,000 (2010: HK$79,077,000) of such losses due to the unpredictability of future profit streams. Losses amounting to HK$104,565,000 (2010: HK$52,942,000) will expire from 2012 to 2015 and losses amounting to HK$13,536,000 (2010: HK$31,895,000) have no expiry date.

At the end of the reporting period, the Group has deductible temporary differences of HK$48,000 (2010; HK$2,214,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$795,000 (2010: HK$nil) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

32. Contingent liabilities and commitments

	THE COMPANY	
	2011 HK$'000	2010 HK$'000
Contingent liabilities:		
Corporate guarantees given to banks in respect of banking facilities given to subsidiaries	**2,269,630**	2,350,863

Included in the Company's other payables and accrued expenses of HK$7,395,000 (2010: HK$4,876,000) are liabilities recognised in relation to the abovementioned guarantees given to banks in respect of banking facilities utilised by its subsidiaries.

33. Operating lease arrangements

The Group as lessee:

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	THE GROUP	
	2011 HK$'000	2010 HK$'000
Within one year	**1,483**	296
In the second to fifth year inclusive	**437**	—
	1,920	296

Operating lease payments represent rental payable by the Group for certain land and buildings. Leases for these land and buildings are negotiated for terms of one to three years with fixed rentals.

The Group as lessor:

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	THE GROUP	
	2011 HK$'000	2010 HK$'000
Within one year	**32,828**	31,474
In the second to fifth year inclusive	**70,026**	73,328
Over five years	**17,305**	30,069
	120,159	134,871

Leases are negotiated for an average term ranging from 1 to 10 years with fixed rentals over the terms of the leases.

34. Retirement benefit scheme

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee.

Employees who were members of a defined contribution scheme which is registered under the Occupational Retirement Schemes Ordinance prior to the establishment of the MPF Scheme were required to switch to the MPF Scheme from 1 December 2000 onwards, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

For members of the MPF Scheme, both the Group and the employees contribute 5% of the employee's monthly remunerations or HK$1,000 per month whichever is the smaller to the scheme.

The total cost charged to the consolidated income statement of HK$240,837 (2010: HK$238,142) represents contributions payable to the MPF Scheme, by the Group during the year.

35. Pledge of assets

At 31 December 2011, the Group has pledged the following assets and assigned rental income from letting of properties in favour of banks to secure the banking facilities:

	THE GROUP	
	2011 HK$'000	2010 HK$'000
Investment properties	**932,447**	839,342
Leasehold land	**37,021**	37,339
Properties held for sale	**14,639**	13,778
Buildings	**5,684**	5,842
Pledged bank deposits	**616,494**	524,699
Structured bank deposits	**250,077**	283,165
Bills receivables	**493,263**	419,050

36. Related party transactions

(1) The Group's and the Company's balances with related parties are set out in the statements of financial position and notes 19 and 20.

(2) Key management compensation was as follows:

	THE GROUP	
	2011 HK$'000	2010 HK$'000
Fees	**610**	610
Salaries and other benefits	**8,369**	9,856
Retirement benefit costs — defined contribution plan	**65**	75
	9,044	10,541

37. Key source of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. The valuation is reviewed annually by qualified valuers by considering information from a variety of sources including:

- current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from the external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at the end of the reporting period.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

(ii) Estimated impairment of trade and bills receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2011, the carrying amount of trade and bills receivables is HK$621,383,000 (2010: HK$549,780,000) (net of allowance for doubtful debts of HK$677,000 (2010: HK$594,000)).

37. Key source of estimation uncertainty *(continued)*

(iii) Fair values of other financial instruments

The fair values of other financial instruments that are not traded in an active market, including foreign currency forward contracts and interest rate swaps contracts are determined by reference to prices from observable current market transactions and dealer quotes for similar instruments. The fair values of derivatives embedded in structured bank deposits are determined in accordance with generally accepted option pricing models.

(iv) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated variable selling expenses. The cost of inventories is written down to net realisable value when there is objective evidence that the cost of inventories may not be recoverable. The amount written off to the income statement is the difference between the carrying value and net realisable value of the inventories. In determining whether the cost of inventories can be recovered, significant judgments are required. In making this judgment, the Group evaluates, among other factors, the duration and extent and the means by which the amount will be recovered. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer preference and competitor actions in response to market conditions.

38. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 28, net of cash and cash equivalents and equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 30 and consolidated statement of changes in equity, respectively.

The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company prepare the annual budget taking into account of the provision of funding. Based on the proposed annual budget, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt, if necessary.

The Group's overall strategy remains unchanged from that of 2010.

39. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liabilities and equity instruments are disclosed in note 3.

(b) Categories of financial instruments

The Group

	2011 HK$'000	2010 HK$'000
Financial assets		
FVTPL		
Derivative financial assets	**3,865**	112
Loans and receivables (including cash and cash equivalents)	**1,718,472**	1,632,126
Available-for-sale financial assets	**2,158**	1,752
	1,724,495	1,633,990
Financial liabilities		
Amortised cost	**1,650,155**	1,561,355
FVTPL		
Derivative financial liabilities	**15,642**	16,483
	1,665,797	1,577,838

The Company

	2011 HK$'000	2010 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**538,559**	711,453
Financial liabilities		
Amortised cost	**413,610**	583,230

(c) Financial risk management objectives

The management monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

39. Financial instruments *(continued)*

(c) Financial risk management objectives *(continued)*

During the year, the Group entered into certain foreign currency forward contracts and interest rate swap contracts to reduce the currency fluctuation exposures and interest rate risk exposures of the Group as set out in note 25.

There has been no change to the Group's and the Company's exposure to market risks or the manner in which it manages and measures.

(d) Foreign currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 1% (2010: 1%) and 1% (2010: 1%) of the Group's sales and purchase respectively are denominated in currencies other than the functional currency of the group entity.

(i) Non-derivative foreign currency monetary assets and monetary liabilities

Certain bills receivables, bank balances, pledged bank deposits, other payables and borrowings of the Group are denominated in foreign currencies. Certain bank balances, amounts due from/to subsidiaries, other payables and borrowings of the Company are denominated in foreign currencies. The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

The Group

	Assets		Liabilities	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Hong Kong dollars	**746**	2,763	**199,226**	33,160
USD	**5,286**	7	**—**	181,213
RMB	**887,340**	844,788	**72,228**	136

The Company

	Assets		Liabilities	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Hong Kong dollars	**240,850**	288,591	**199,487**	176,288
RMB	**26,559**	58,247	**9,880**	47,520

39. Financial instruments *(continued)*

(d) Foreign currency risk *(continued)*

(i) Non-derivative foreign currency monetary assets and monetary liabilities (continued)

Foreign currency sensitivity

The Group is mainly exposed to the currency of Hong Kong dollars, USD and RMB. The Company is mainly exposed to the currency of Hong Kong dollars and RMB.

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the functional currencies of the relevant group entities and the Company against the relevant foreign currencies. 10% (2010: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items including the inter-company balances with foreign operations within the Group and adjusts their translation at the period end for a 10% (2010: 10%) change in foreign currency rates. A positive number indicates an increase in profit for the year where the functional currencies of the relevant group entities and the Company strengthens against the relevant foreign currencies.

The Group

	Profit for the year	
	2011 HK$'000	2010 HK$'000
Hong Kong dollars	**24,740**	9,771
USD	**3,496**	14,053
RMB	**(76,982)**	(78,378)

The Company

	Profit for the year	
	2011 HK$'000	2010 HK$'000
Hong Kong dollars	**(3,454)**	(9,377)
RMB	**(1,393)**	(896)

In management's opinion, the sensitivity analysis is unrepresentative of the foreign exchange risk inherent in the financial assets and financial liabilities as the year end exposure does not reflect the exposure during the year.

39. Financial instruments *(continued)*

(d) Foreign currency risk *(continued)*

(ii) Foreign currency forward contracts

During the year, the Group entered into several foreign currency forward contracts with banks to reduce its exposure to currency fluctuations risk of Hong Kong dollars and USD against RMB. These derivatives are not accounted for under hedge accounting. The Group is required to estimate the fair value of the foreign currency forward contracts at the end of the reporting period, which therefore exposed the Group to foreign currency risk.

The Group is also required to estimate the fair value of the embedded derivative in structured bank deposits at the end of the reporting period, which therefore exposed the Group to foreign currency risk. However, the directors of the Company consider that the fair value of the embedded derivative is minimal and hence no sensitivity analysis is presented.

Foreign currency sensitivity

The sensitivity analyses below have been determined based on the exposure to the Group's forward buying rate risk at the reporting date.

If the forward exchange rate of RMB against USD had been 10% (2010: 10%) higher/lower while all other input variables of the valuation models were held constant, the Group's profit for the year would increase (decrease) as follows:

	2011 **HK$'000**	2010 HK$'000
Higher by 10% Derivative financial instruments: Foreign currency forward contracts	**86,907**	76,045
Lower by 10% Derivative financial instruments: Foreign currency forward contracts	**(106,186)**	(92,944)

If the forward exchange rate of RMB against Hong Kong dollars had been 10% (2010: 10%) higher/lower while all other input variables of the valuation models were held constant, the Group's profit for the year would increase (decrease) as follows:

	2011 **HK$'000**	2010 HK$'000
Higher by 10% Derivative financial instrument: Foreign currency forward contract	**9,135**	—
Lower by 10% Derivative financial instrument: Foreign currency forward contract	**(11,165)**	—

39. Financial instruments *(continued)*

(e) Interest rate risk

(i) Non-derivative financial assets and financial liabilities

The Group and the Company are exposed to fair value interest rate risk in relation to interest-free loan to and amount due from an associate and amounts due from subsidiaries and fixed-rate pledged bank deposits, restricted bank deposit, structured bank deposits and borrowings.

The Group and the Company are exposed to cash flow interest rate risk in relation to variable-rate borrowings and bank balances (see note 28 for details of these borrowings).

The management considers the exposure to interest rate risk in relation to bank balances is insignificant due to the low level of deposit interest rate.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments including borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 (2010: 50) basis point increase and a 10 (2010: 10) basis points decrease are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

THE GROUP

If interest rates had been 50 (2010: 50) basis points higher and all other variables were held constant, the Group's profit for the year ended 31 December 2011 would decrease by HK$2,712,000 (2010: HK$4,625,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

If interest rates had been 10 (2010: 10) basis points lower and all other variables were held constant, the Group's profit for the year ended 31 December 2011 would increase by HK$542,000 (2010: HK$925,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

THE COMPANY

If interest rates had been 50 (2010: 50) basis points higher and all other variables were held constant, the Company's profit for the year ended 31 December 2011 would decrease by HK$328,000 (2010: HK$994,000). This is mainly attributable to the Company's exposure to interest rates on its variable-rate borrowings.

If interest rates had been 10 (2010: 10) basis points lower and all other variables were held constant, the Company's profit for the year ended 31 December 2011 would increase by HK$66,000 (2010: HK$199,000). This is mainly attributable to the Company's exposure to interest rates on its variable-rate borrowings.

39. Financial instruments *(continued)*

(e) Interest rate risk *(continued)*

(ii) Derivative financial assets and liabilities

During the year, the Group entered into several interest rate swap contracts with banks to reduce its exposure to interest rate risk in relation to variable-rate borrowings (see note 28 for details of these borrowings). These derivatives are not accounted for under hedge accounting. The Group are required to estimate the fair value of the interest rate swap contracts at the end of the reporting period, which therefore exposed the Group to interest rate risk.

Interest rate sensitivity

THE GROUP

If forward interest rates had been 10 (2010: 10) basis points higher and all other variable were held constant, the Group's profit for the year ended 31 December 2011 would increase by HK$21,000 (2010: HK$272,000). This is mainly due to the Group's exposure to its interest rate swap contracts.

If forward interest rates had been 10 (2010: 10) basis points lower and all other variable were held constant, the Group's profit for the year ended 31 December 2011 would decrease by HK$21,000 (2010: HK$213,000). This is mainly due to the Group's exposure to its interest rate swap contracts.

(f) Other price risk

The Group is required to estimate the fair value of the available-for-sale financial assets representing club debentures at the end of the reporting period, therefore, the Group is exposed to price risk arising from its available-for-sale financial assets.

Price sensitivity

The sensitivity analyses below have been determined based on the exposure to price risks at the reporting date.

If the prices of the club debenture had been 10% (2010: 10%) higher while all other variables were held constant, investment revaluation reserve would increase by HK$198,000 (2010: HK$155,000) and profit for the year would increase by HK$17,800 (2010: HK$20,000) mainly as a result of the changes in the fair value and impairment loss reversed on available-for-sale financial assets.

If prices of club debenture had been 10% (2010: 10%) lower while all other variables were held content, investment revaluation reserve would decrease by HK$198,000 (2010: HK$155,000) and profit for the year would decrease by HK$17,800 (2010: HK$20,000) mainly as a result of change in fair value and impairment loss on available-for-sale financial assets.

(g) Credit risk

As at 31 December 2011, the Group's and the Company's maximum exposures to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company, without taking account of the value of any collateral obtained, are arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the Company's statement of financial position; and

- the amount of contingent liabilities in relation to financial guarantee issued by the Company as disclosed in note 32.

39. Financial instruments *(continued)*

(g) Credit risk *(continued)*

The Group has concentration of credit risk on loan to an associates and amount due from an associate. The Company has concentration of credit risk on loan to an associate, amounts due from subsidiaries and amount due from an associate. The Group also has concentration of credit risk on several customers as 4% (2010: 25%) and 13% (2010: 100%) of the total receivables was due from the Group's largest customer and the five largest customers respectively.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group's and the Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by credit limit allowed to counterparty that are reviewed and approved by the risk management committee annually.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 99% (2010: 99%) of the total trade and bills receivables as at 31 December 2011.

(h) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's and the Company's short, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves, banking facilities and undrawn borrowing facilities by continuously monitoring forecast and actual cash flows. The Group and the Company rely on bank borrowings as a significant source of liquidity. As at 31 December 2011, the Group and the Company have available unutilised overdraft and short-term bank loan facilities of approximately HK$1,889,926,000 (2010: HK$2,539,241,000) and HK$1,223,572,000 (2010: HK$933,034,000) respectively. Details of which are set out in note 28.

Liquidity tables

The following tables detail the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment dates. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that required gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

39. Financial instruments *(continued)*

(h) Liquidity risk *(continued)*

Liquidity tables *(continued)*

The Group

	On demand or less than 60 days HK$'000	61–180 days HK$'000	181–365 days HK$'000	1–2 years HK$'000	2–3 years HK$'000	Over 3 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2011 HK$'000
2011								
Non-derivative financial liabilities								
Trade and bills payables	152,719	179,582	161,453	—	—	658	494,412	494,412
Other payables	10,556	—	—	—	—	—	10,556	10,556
Bank loans								
— variable rate	212,290	157,112	110,608	24,329	24,186	146,136	674,661	650,651
Rental deposits received	—	640	1,708	1,960	—	3,180	7,488	7,488
	375,565	337,334	273,769	26,289	24,186	149,974	1,187,117	1,163,107
Derivative — net settlement								
Foreign currency forward contracts	6,041	1,058	534	—	—	—	7,633	7,633
Interest rate swaps	2,323	1,916	1,570	1,527	—	—	7,336	7,336
	8,364	2,974	2,104	1,527	—	—	14,969	14,969
Derivative — gross settlement								
Foreign currency forward contracts								
— inflow	(136,163)	—	—	—	—	—	(136,163)	
— outflow	137,362	—	—	—	—	—	137,362	
	1,199	—	—	—	—	—	1,199	673

39. Financial instruments *(continued)*

(h) Liquidity risk *(continued)*

Liquidity tables *(continued)*

The Group (continued)

	On demand or less than 60 days HK$'000	61–180 days HK$'000	181–365 days HK$'000	1–2 years HK$'000	2–3 years HK$'000	Over 3 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2010 HK$'000
2010								
Non-derivative financial liabilities								
Trade and bills payables	44,167	209,092	43,871	—	—	—	297,130	297,130
Other payables	7,589	—	—	—	—	—	7,589	7,589
Trust receipt loans	189,902	—	—	—	—	—	189,902	189,589
Bank loans								
— variable rate	13,132	229,726	587,642	26,990	15,450	81,841	954,781	938,835
Rental deposits received	—	107	1,237	2,377	1,287	1,879	6,887	6,887
	254,790	438,925	632,750	29,367	16,737	83,720	1,456,289	1,440,030
Derivative — net settlement								
Foreign currency forward contracts	79	4,264	9,219	—	—	—	13,562	13,562
Interest rate swaps	—	1,456	1,465	—	—	—	2,921	2,921
	79	5,720	10,684	—	—	—	16,483	16,483

The Company

	On demand or less than 60 days HK$'000	61–180 days HK$'000	181–365 days HK$'000	1–2 years HK$'000	2–3 years HK$'000	Over 3 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2011 HK$'000
2011								
Non-derivative financial liabilities								
Other payables	**291**	**—**	**—**	**—**	**—**	**—**	**291**	**291**
Bank loans								
— variable rate	**1,955**	**3,903**	**5,836**	**11,610**	**11,527**	**47,707**	**82,538**	**78,491**
Amounts due to subsidiaries	**334,828**	**—**	**—**	**—**	**—**	**—**	**334,828**	**334,828**
	337,074	**3,903**	**5,836**	**11,610**	**11,527**	**47,707**	**417,657**	**413,610**
Financial guarantee contracts	**2,269,930**	**—**	**—**	**—**	**—**	**—**	**2,269,930**	**7,395**

39. Financial instruments *(continued)*

(h) Liquidity risk *(continued)*

Liquidity tables *(continued)*

The Company (continued)

	On demand or less than 60 days HK$'000	61–180 days HK$'000	181–365 days HK$'000	1–2 years HK$'000	2–3 years HK$'000	Over 3 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2010 HK$'000
2010								
Non-derivative financial liabilities								
Other payables	258	—	—	—	—	—	258	258
Trust receipt loans	189,902	—	—	—	—	—	189,902	189,589
Bank loans								
— variable rate	1,246	2,486	3,714	7,374	7,303	28,609	50,732	48,564
Amounts due to subsidiaries	344,819	—	—	—	—	—	344,819	344,819
	536,225	2,486	3,714	7,374	7,303	28,609	585,711	583,230
Financial guarantee contracts	2,350,863	—	—	—	—	—	2,350,863	4,876

Bank loans with a repayment on demand clause are included in the "on demand or less than 60 days" time band in the above maturity analysis. As at 31 December 2011, the aggregate undiscounted principal amounts of these bank loans amounted to HK$69,985,000. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid fifteen to seventeen months after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$72,718,000.

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable-interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable-interest rates differ to those estimates of interest rates determined at the end of the reporting period.

39. Financial instruments *(continued)*

(i) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities (excluding derivative instruments) which are not quoted in active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

- the fair value of available-for-sale financial assets are determined with reference to market bid price.

- the fair value of foreign currency forward contracts and embedded derivative in structured bank deposits are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

- the fair value of interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate to their fair values.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 and 2 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

39. Financial instruments *(continued)*

(i) Fair value of financial instruments *(continued)*

Fair value measurements recognised in the statement of financial position *(continued)*

The Group

	31 December 2011		
	Level 1 HK$'000	**Level 2 HK$'000**	**Total HK$'000**
Available-for-sale financial assets	**2,158**	**—**	**2,158**
Financial assets at FVTPL			
Derivative financial assets	**—**	**3,865**	**3,865**
	2,158	**3,865**	**6,023**
Financial liabilities at FVTPL			
Derivative financial liabilities	**—**	**15,642**	**15,642**

	31 December 2010		
	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
Available-for-sale financial assets	1,752	—	1,752
Financial assets at FVTPL			
Derivative financial assets	—	112	112
	1,752	112	1,864
Financial liabilities at FVTPL			
Derivative financial liabilities	—	16,483	16,483

There were no transfers between Level 1 and 2 in the both years.

Schedule of Principal Properties

Details of the principal properties held by the Group at 31 December 2011 are as follows:

Location	Approximate net floor area (sq.ft.)	Use	Group's attributable interest	Lease term
HONG KONG				
Shop A2 on Ground Floor East South Building 479-481 Hennessy Road and 29 Percival Street Causeway Bay, Hong Kong	430	Shop premises for rental	100%	Long lease
Shops Nos. G55, G56, G57 and G58 on Ground Floor, Site A Park Lane Shopper's Boulevard 111-139, 143-161 and 165-181 Nathan Road Tsimshatsui, Kowloon	3,032	Shop premises for rental	100%	Long lease
Portions A3 and A4 of Shop A Ground Floor, Hollywood Shopping Centre Wing Wah Building 12-24 Sai Yeung Choi Street South and 40P Shantung Street, Mongkok, Kowloon	326	Shop premises for rental	100%	Long lease
Flat No. 4 on 18th Floor Apartment Tower on the Western Side Convention Plaza No. 1 Harbour Road, Hong Kong	1,400	Residential premises for rental	100%	Long lease
Car park Space No. P20 on 2nd Floor King Kong Commercial Centre, No. 9 Des Voeux Road West, Hong Kong	200	Commercial building	100%	Long lease

Schedule of Principal Properties

Location	Approximate net floor area (sq.ft.)	Use	Group's attributable interest	Lease term
MAINLAND CHINA				
Unit Nos. 404, 504, 604, 704 and 804 of Block 2, Kingswell Garden Lane 3887 Hong Mei Road Chang Ning District, Shanghai	10,903	Residential premises for rental	100%	Long lease
Unit Nos. 201 to 220 on Level 2 and Nos. 301 to 314 on level 3 of Block No. 1 Kingswell Garden Lane 3887 Hong Mei Road Chang Ning District, Shanghai	40,734	Residential premises for rental	100%	Long lease
Club House on Level 4 and Car Parking Space Nos. 38, 39, 40, 41 and 60 on Basement 1 of Block No. 1 Kingswell Garden Lane 3887 Hong Mei Road Chang Ning District, Shanghai	10,958 (club house)	Club house and car parking spaces	100%	Long lease
Shopping Arcade on Level of Block No. 1 Kingswell Garden Lane 3887 Hong Mei Road Chang Ning District, Shanghai	16,685	Shopping arcade for rental	100%	Long lease
Unit G 12/F Block 5 Silver Valley Garden Haikou, Hainan	1,162	Residential premises for sale	100%	Long lease
Units 6D, 6E, 14C, 17th, 23rd and 27th Floors, Western Portion of Level 1, Whole Floor of Level 2, Western Portion of Level 3 and Western Portion of Basement Levels 1-3 Merry Tower No. 396 Yanan Road West and No. 168 Zhenning Road Jingan District, Shanghai	95,300	Residential apartments for sale, shopping arcade and carparks for rental	100%	Long lease
Emerald Court No. 111 Xing Guo Road Xu Hui District, Shanghai	31,501 (Garden) 96,445 (House) 34,825 (Basement)	Residential premises for rental	43%	Long lease

Financial Summary

Results:

	Year ended 31 December				
	2011 HK$'000	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000
Revenue	**1,802,709**	2,467,033	1,866,805	1,604,840	1,395,161
Cost of sales	**(1,756,770)**	(2,278,114)	(1,620,314)	(1,449,221)	(1,348,685)
Gross profit	**45,939**	188,919	246,491	155,619	46,476
Other income	**90,968**	50,292	7,541	20,452	11,057
Increase (decrease) in fair value of investment properties	**76,797**	58,246	56,591	(3,372)	98,850
Change in fair value of financial assets designated at fair value through profit or loss	**—**	661	1,841	—	—
Change in fair value of derivative financial instruments	**(18,672)**	(16,724)	(1,549)	6,268	—
Gain on disposal of assets classified as held for sale	**—**	—	—	21,604	—
Impairment of goodwill	**—**	—	—	—	(19,308)
Gain on disposal of available-for-sale financial assets	**—**	750	—	—	—
(Impairment loss) reversal of impairment loss on available-for-sale financial assets	**(24)**	(3)	680	(1,235)	—
Distribution costs	**(66,539)**	(109,863)	(104,746)	(104,609)	(83,333)
Administrative expenses	**(34,335)**	(40,973)	(40,269)	(29,164)	(30,163)
Finance costs	**(21,130)**	(12,915)	(6,876)	(18,343)	(15,960)
Share of results of associates	**(940)**	9,680	11,571	4,569	26,770
Profit before taxation	**72,064**	128,070	171,275	51,789	34,389
Income tax expenses	**(16,193)**	(10,833)	(16,379)	(1,227)	(4,549)
Profit for the year attributable to owners of the Company	**55,871**	117,237	154,896	50,562	29,840
Earnings per share	**HK21.35 cents**	HK44.80 cents	HK59.19 cents	HK19.32 cents	HK11.40 cents

Assets and liabilities:

	At 31 December				
	2011 HK$'000	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000
Total assets	**2,912,675**	2,725,110	1,651,743	1,303,525	1,236,424
Total liabilities	**(1,834,135)**	(1,729,960)	(799,482)	(605,755)	(611,239)
Equity attributable to owners of the Company	**1,078,540**	995,150	852,261	697,770	625,185