



GREAT CHINA

# GREAT CHINA HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 141



*2012  
INTERIM REPORT*

## UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of Great China Holdings Limited (the "Company") is pleased to present this Interim Report for the six months ended 30 June 2012 (the "Period").

## MANAGEMENT DISCUSSION AND ANALYSIS

The turnover of the Company and its subsidiaries (collectively, the "Group") decreased by HK\$146 million to HK\$895 million for the Period but net profit for the Period increased by around 173% to HK\$138 million as compared with the corresponding period in 2011.

The table below summarises the Group's revenue and results for the Period as compared with the corresponding period in 2011.

## REVENUE AND RESULTS BY OPERATING SEGMENTS

	Revenue		Profit (Loss)	
	Six months ended 30 June 2012 HK\$ million Unaudited	2011 HK\$ million Unaudited	Six months ended 30 June 2012 HK\$ million Unaudited	2011 HK\$ million Unaudited (Restated)
Fishmeal Products	877.1	1,004.3	14.5	(23.8)
Tapioca Products	—	20.6	—	0.2
General Trading	877.1	1,024.9	14.5	(23.6)
Property Investment in Hong Kong	7.5	6.6	13.8	54.6
Property Investment in the PRC	10.7	10.2	114.6*	24.4*
Trading of Properties	—	—	—	—
	18.2	16.8	128.4	79.0
<b>Total</b>	<b>895.3</b>	<b>1,041.7</b>	<b>142.9</b>	<b>55.4</b>
Profit after tax attributable to owners of the Company			138.1	50.5

\* Profit from property investment in the People's Republic of China (the "PRC") includes share of profit of the Group's associates of HK\$107.7 million (2011: loss of HK\$0.1 million).

## BUSINESS REVIEW

### General Trading

#### *Fishmeal Products*

For the six months ended 30 June 2012, segment result of the Group's trading of fishmeal products has obviously improved as compared with the corresponding period last year. After some declines in the second half of 2011, fishmeal product prices had remained at a low level in the first quarter of 2012. Driven by the fishing quota which was lower than the market expectation, growing needs in the aquatic industries and rising prices of the soybean substitute, the fishmeal product price has climbed up steadily at the beginning of the second quarter of 2012.

General trading of the fishmeal products segment continued to be our largest revenue contributor, accounting for 98% of total revenue for the Period. For the first half of 2012, the Group's fishmeal products revenue was HK\$877.1 million (2011: HK\$1,004.3 million), a decrease of 13% as compared with the same period last year. This slight decline in revenue was primarily due to the average selling price being lower than that of the corresponding period last year despite the trading volume remaining fairly stable. It was encouraging that this segment recorded a profit of HK\$14.5 million for the Period (2011: a loss of HK\$23.8 million).

### Property Investment in Hong Kong

During the Period under review, the recurrent rental income of the investment properties in Hong Kong was HK\$7.5 million (2011: HK\$6.6 million), representing an increase of 14% as compared with the same period last year. With the investment properties in prime locations, their rental level maintained a satisfactory return to the Group. The investment properties were valued by an independent professional valuer and recorded fair value gain of investment properties of HK\$7.5 million for the Period. This fair value gain and net rental income together have made a contribution of HK\$13.8 million to the Group's profit.

### Property Investment and Properties Held for Sale in the PRC

Rental income from the investment properties in the PRC was HK\$10.2 million during the Period (2011: HK\$9.8 million), representing an increase of 4% as compared with the corresponding period last year. The fair value gain of investment properties of HK\$3.1 million (net of deferred tax) was recorded during the Period. This fair value gain and net rental income together have made a contribution of HK\$6.9 million to the Group's profit.

#### *Associated Company*

During the first half of 2012, Da Da Development (Shanghai) Co., Ltd., a 43% indirectly held associated company of the Group, recorded strong profit growth with profit attributable to the shareholders of the Company amounting to HK\$107.7 million mainly due to the share of fair value gain on the investment properties.

## PROSPECTS

### General Trading

Fishmeal product prices are expected to firm up over the next months. However, China fishmeal merchants are still under the shadow of the market volatility in 2011. This will increase selling sentiment in order to minimise inventory risks, which will result in putting downward pressure on market prices of fishmeal products.

Against this backdrop, in the second half of 2012, conditions for general trading will continue to be challenging. While we are cautious about the outlook of general trading, with our established sales network and reputation as one of the leading fishmeal merchants in the PRC, we are optimistic that our general trading will bring in positive contribution to the Group in the second half of 2012. Supported by our Group's strong financial position and sales team, we will continue to expand the market penetration.

### Property Investment

On 11 July 2012, the Group's wholly owned subsidiary, Great China Development (Shanghai) Limited ("Great China Development") and an independent third party entered into a sale and purchase agreement in relation to the disposal of 43% of the issued share capital of an associate, Samstrong International Limited (the "Disposal Company"), and the assignment of the loan and other amount due by the Disposal Company to Great China Development. The directors of the Company are of the view that this is a good opportunity to realize the Group's property investment in order to enhance the overall return to the shareholders of the Company. Details of the transaction were disclosed in the Company's announcement dated 23 July 2012 and circular dated 9 August 2012.

With respect to the Group's wholly owned investment properties, the Group still owns a portfolio of high quality investment properties in Hong Kong and the PRC which provide a strong earnings base to the Group. We will continue to pursue the Group's long term strategy of exploring potential investments.

## FINANCIAL REVIEW

As at 30 June 2012, the Group's gearing ratio was 13% (31 December 2011 (restated): 16%), which was based on the Group's long term borrowings of HK\$169 million (31 December 2011: HK\$180 million) and shareholders' equity of HK\$1,275 million (31 December 2011 (restated): HK\$1,148 million). The Group's current ratio was 1.45 (31 December 2011: 1.11), calculated on the basis of current assets of HK\$1,552 million (31 December 2011: HK\$1,698 million) over current liabilities of HK\$1,072 million (31 December 2011: HK\$1,528 million).

As at 30 June 2012, total restricted bank deposit, pledged bank deposits, structured bank deposits, bank balances and cash were approximately HK\$590 million (31 December 2011: HK\$999 million). The Group's borrowings were approximately HK\$698 million (31 December 2011: HK\$1,138 million), of which approximately HK\$429 million (31 December 2011:

HK\$846 million) were secured with bank deposits of HK\$453 million (31 December 2011: HK\$867 million). The Group's borrowings were denominated in United States dollars, Hong Kong dollars and Renminbi.

### FOREIGN EXCHANGE EXPOSURE

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

### PLEDGE OF ASSETS

As at 30 June 2012, the Group has pledged the following assets and assigned rental income from letting of properties in favour of banks to secure banking facilities:

	<b>At 30 June 2012 HK\$'000 Unaudited</b>	At 31 December 2011 HK\$'000 Audited
Investment properties	<b>787,564</b>	932,447
Leasehold land	<b>36,862</b>	37,021
Properties held for sale	<b>14,423</b>	14,639
Buildings	<b>5,606</b>	5,684
Pledged bank deposits	<b>344,939</b>	616,494
Structured bank deposits	<b>107,801</b>	250,077
Bills receivables	<b>258,735</b>	493,263

### INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2012 (2011: Nil).

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2012, the Group employed 82 employees (2011: 88) with staff cost for the six months then ended amounting to HK\$8,701,000 (2011: HK\$8,774,000). Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account comparable levels in the market.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

As at 30 June 2012, the interests of directors in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

### Long position in the shares of the Company

Name of director	Number of shares interested			Percentage* of issued share capital of the Company
	Family interests	Corporate interests	Total interests	
Mr. Rustom Ming Yu HO	—	138,347,288 (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 had controlling interests. Interests in the same shares are also shown under the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company" below.

\* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2012.

Save as disclosed above, as at 30 June 2012, none of the directors or the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), to be notified to the Company and the Stock Exchange.

None of the directors nor chief executives (including their spouse and children under 18 years of age) of the Company had been granted, or had exercised, any rights to subscribe for shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) during the six months ended 30 June 2012.

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

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, as at 30 June 2012, the following companies had interests in more than 5% of the Company's issued share capital:

### Long position in the shares of the Company

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

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

\* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2012.

Save as disclosed above, the directors of the Company are not aware of any person (other than the directors of the Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations" above) who, as at 30 June 2012, had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register kept by the Company pursuant to Section 336 of the SFO.

## CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance in enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has complied with the code provisions set out in (i) the former Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012, and (ii) the new Corporate Governance Code during the period from 1 April 2012 to 30 June 2012 as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

## UPDATE ON DIRECTOR'S INFORMATION

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

- Mr. Lawrence Kam Kee YU resigned as an independent non-executive director of Evergrande Real Estate Group Limited (a company listed on the Main Board of the Stock Exchange; stock code: 3333) on 23 June 2012.

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

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct governing directors' dealings in the Company's securities. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2012.

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

## AUDIT COMMITTEE

The audit committee, comprising all the three independent non-executive directors of the Company, has reviewed the Group's unaudited financial statements for the six months ended 30 June 2012 and discussed with the management of the Company the accounting principles and accounting standards adopted by the Group and matters relating to internal control and financial reporting of the Group.

## APPRECIATION

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



## BOARD OF DIRECTORS

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

On behalf of the Board

**John Ming Tak HO**

*Managing Director*

Hong Kong, 27 August 2012

## CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June	
		2012 HK\$'000 Unaudited	2011 HK\$'000 Unaudited (Restated)
<b>Revenue</b>	2	<b>895,335</b>	1,041,763
Cost of sales		<b>(829,705)</b>	(1,025,941)
<b>Gross profit</b>		<b>65,630</b>	15,822
Other income and gain	4	<b>14,964</b>	46,448
Increase in fair value of investment properties		<b>11,446</b>	72,238
Change in fair value of derivative financial instruments		<b>(1,837)</b>	(8,594)
Distribution costs		<b>(25,738)</b>	(42,558)
Administrative expenses		<b>(16,572)</b>	(15,240)
Other loss		<b>(7,027)</b>	—
Finance costs	5	<b>(8,779)</b>	(10,091)
Share of results of associates		<b>107,697</b>	(132)
<b>Profit before taxation</b>	6	<b>139,784</b>	57,893
Income tax expense	7	<b>(1,668)</b>	(7,416)
<b>Profit for the period attributable to owners of the Company</b>		<b>138,116</b>	50,477
<b>Earnings per share — Basic</b>	8	<b>HK52.78 cents</b>	HK19.29 cents

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2012 HK\$'000 Unaudited	2011 HK\$'000 Unaudited (Restated)
Profit for the period	138,116	50,477
<b>Other comprehensive income</b>		
Exchange difference arising on translation	(7,562)	13,865
(Decrease) increase in fair value of available-for-sale financial assets	(130)	220
Other comprehensive income for the period	(7,692)	14,085
<b>Total comprehensive income attributable to owners of the Company</b>	<b>130,424</b>	<b>64,562</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2012 HK\$'000 Unaudited	At 31 December 2011 HK\$'000 (Restated)
<b>Non-current assets</b>			
Goodwill		3,000	3,000
Investment properties	9	941,463	934,403
Property, plant and equipment		48,617	49,667
Prepaid lease payments for land		273	275
Deposit for investment		9,360	—
Interests in associates	19	—	146,450
Loan to an associate	19	—	17,290
Amount due from an associate	19	—	44,678
Available-for-sale financial assets		2,015	2,158
Derivative financial assets	11	—	574
Restricted bank deposit	12	16,489	16,659
		<b>1,021,217</b>	1,215,154
<b>Current assets</b>			
Properties held for sale		18,830	19,109
Inventories		139,994	22,287
Prepaid lease payments for land		4	4
Trade and other receivables	10	503,883	669,601
Tax recoverable		548	548
Derivative financial assets	11	1,861	3,291
Pledged bank deposits		344,939	616,494
Structured bank deposits	12	129,786	274,757
Bank balances and cash		98,966	91,430
		<b>1,238,811</b>	1,697,521
Non-current assets classified as held for sale	19	313,359	—
		<b>1,552,170</b>	1,697,521

	Notes	At 30 June 2012 HK\$'000 Unaudited	At 31 December 2011 HK\$'000 (Restated)
<b>Current liabilities</b>			
Trade and bills payables	13	473,513	494,412
Other payables and accrued expenses		56,599	55,939
Rental deposits received		1,906	2,348
Borrowings	14	528,353	957,487
Taxation payable		4,205	3,694
Derivative financial liabilities	11	7,774	14,115
		<b>1,072,350</b>	1,527,995
<b>Net current assets</b>			
		<b>479,820</b>	169,526
<b>Total assets less current liabilities</b>			
		<b>1,501,037</b>	1,384,680
<b>Non-current liabilities</b>			
Derivative financial liabilities	11	—	1,527
Borrowings	14	169,323	180,212
Deferred tax liabilities		50,611	50,200
Rental deposits received		5,695	5,140
		<b>225,629</b>	237,079
<b>NET ASSETS</b>			
		<b>1,275,408</b>	1,147,601
<b>Capital and reserves</b>			
Share capital	15	52,337	52,337
Reserves		1,223,071	1,095,264
<b>TOTAL EQUITY</b>			
		<b>1,275,408</b>	1,147,601

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Exchange reserve	Properties revaluation reserve	Investment revaluation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 January 2012, as previously reported	52,337	19,516	141,013	495	1,270	863,909	1,078,540
Change in accounting policy — adoption of HKAS 12 amendment (Note 1(c))	—	—	—	—	—	69,061	69,061
At 1 January 2012, as restated	52,337	19,516	141,013	495	1,270	932,970	1,147,601
Profit for the period	—	—	—	—	—	138,116	138,116
Other comprehensive income	—	—	(7,562)	—	(130)	—	(7,692)
Total comprehensive income for the period	—	—	(7,562)	—	(130)	138,116	130,424
Dividends paid (Note 17)	—	—	—	—	—	(2,617)	(2,617)
At 30 June 2012	52,337	19,516	133,451	495	1,140	1,068,469	1,275,408
At 1 January 2011, as previously reported	52,337	19,516	111,307	495	840	810,655	995,150
Change in accounting policy — adoption of HKAS 12 amendment (Note 1(c))	—	—	—	—	—	60,956	60,956
At 1 January 2011, as restated	52,337	19,516	111,307	495	840	871,611	1,056,106
Profit for period, as previously reported	—	—	—	—	—	42,903	42,903
Change in accounting policy — adoption of HKAS 12 amendment (Note 1(c))	—	—	—	—	—	7,574	7,574
Profit for the period, as restated	—	—	—	—	—	50,477	50,477
Other comprehensive income	—	—	13,865	—	220	—	14,085
Total comprehensive income for the period (restated)	—	—	13,865	—	220	50,477	64,562
Dividends paid (Note 17)	—	—	—	—	—	(2,617)	(2,617)
At 30 June 2011	52,337	19,516	125,172	495	1,060	919,471	1,118,051

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2012 HK\$'000 Unaudited	2011 HK\$'000 Unaudited
Net cash from operating activities	<b>40,749</b>	190,162
Net cash from (used in) investing activities	<b>417,631</b>	(255,472)
Net cash (used in) from financing activities	<b>(450,064)</b>	46,849
Net increase (decrease) in cash and cash equivalents	<b>8,316</b>	(18,461)
Cash and cash equivalents at beginning of period	<b>91,430</b>	193,303
Effect on exchange rate changes	<b>(780)</b>	1,165
Cash and cash equivalents at end of period	<b>98,966</b>	176,007

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of preparation and accounting policies

#### (a) *Basis of preparation*

The unaudited condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Listing Rules. These financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2011.

#### (b) *Principal accounting policies*

The unaudited condensed consolidated financial statements have been prepared on the historical cost convention, except for investment properties and certain financial instruments, which are measured at fair values. The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011 except as described below.

#### (c) *Application of amended standards*

##### *Amendments to HKAS 12 “Deferred Tax — Recovery of Underlying Assets”*

In December 2010, the HKICPA amended HKAS 12 ‘Income taxes’, to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely through sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

The Group has adopted this amendment retrospectively for the financial period ended 30 June 2012 and the effects of adoption are disclosed as follows.

The Group has investment properties measured at their fair values totalling HK\$934,403,000 as of 1 January 2012. As required by the amendment, the Group has re-measured the deferred tax relating to certain investment properties amounting to HK\$516,330,000 according to the tax consequence on the presumption that they are recovered entirely through sale retrospectively. The comparative figures for 2011 have been restated to reflect the change in accounting policy, as summarised below.



1. Basis of preparation and accounting policies (continued)

(c) *Application of amended standards (continued)*

*Amendments to HKAS 12 "Deferred Tax — Recovery of Underlying Assets" (continued)*

**Effect on condensed consolidated statements of financial position**

	At 30 June 2012 HK\$'000 Unaudited	At 31 December 2011 HK\$'000 Unaudited	At 31 December 2010 HK\$'000 Unaudited
Decrease in deferred tax liabilities	70,302	69,061	60,956
Increase in retained profits	70,302	69,061	60,956

**Effect on condensed consolidated income statements**

	Six months ended 30 June 2012 HK\$'000 Unaudited	Six months ended 30 June 2011 HK\$'000 Unaudited
Decrease in income tax expense	1,241	7,574
Increase in net profit attributable to the owners of the Company	1,241	7,574
Increase in basic earnings per share	HK0.47 cents	HK2.9 cents

For other investment properties amounting to HK\$418,073,000, the presumption is not rebutted and the related deferred tax is not remeasured.

Except as described above, there are no amendments or interpretations that are effective for this interim period that could be expected to have a material impact to the Group.

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

The new standards and amendments to standards, potentially relevant to the Group's financial statements, have been issued, but are not yet effective for the financial year beginning on 1 January 2012 and have not been early adopted by the Group. The Group is in the process of making an assessment of the potential impact of the new or revised standards.

## 2. Turnover and segment information

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

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

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

Information regarding the above segments is reported below.

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

	Six months ended 30 June 2012				
	General trading HK\$'000 Unaudited	Property investment in Hong Kong HK\$'000 Unaudited	Property investment in the PRC HK\$'000 Unaudited	Trading of properties HK\$'000 Unaudited	Consolidated HK\$'000 Unaudited
REVENUE					
External sales	877,098	7,521	10,716	—	895,335
Segment profit after tax	14,484	13,755*	114,626**	—	142,865
Impairment loss on available-for-sale financial assets					(13)
Central administration costs					(4,305)
Unallocated finance costs					(188)
Unallocated income tax expense					(243)
Profit for the period					138,116

\* The segment profit after tax of property investment in Hong Kong included fair value gains on investment properties of HK\$7.5 million.

\*\* The segment profit after tax of property investment in the PRC included fair value gains on investment properties of HK\$3.9 million, deferred tax charge of HK\$0.9 million and share of profit of associates of HK\$107.7 million.

## 2. Turnover and segment information (continued)

	Six months ended 30 June 2011				Consolidated HK\$'000 Unaudited (Restated)
	General trading HK\$'000 Unaudited	Property investment in Hong Kong HK\$'000 Unaudited (Restated)	Property investment in the PRC HK\$'000 Unaudited	Trading of properties HK\$'000 Unaudited	
REVENUE					
External sales	1,024,956	6,632	10,175	—	1,041,763
Segment (loss) profit after tax	(23,596)	54,585*	24,454**	—	55,443
Central administration costs					(3,808)
Unallocated finance costs					(718)
Unallocated income tax expense					(440)
Profit for the period					50,477

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

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

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

## 2. Turnover and segment information (continued)

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

### At 30 June 2012

	General trading HK\$'000 Unaudited	Property investment in Hong Kong HK\$'000 Unaudited	Property investment in the PRC HK\$'000 Unaudited	Trading of properties HK\$'000 Unaudited	Consolidated HK\$'000 Unaudited
ASSETS					
Segment assets	1,226,537	515,993	754,404	18,830	2,515,764
Corporate assets					57,623
Consolidated assets					2,573,387
LIABILITIES					
Segment liabilities	1,022,659	174,466	66,515	—	1,263,640
Corporate liabilities					34,339
Consolidated liabilities					1,297,979

### At 31 December 2011

	General trading HK\$'000 Audited	Property investment in Hong Kong HK\$'000 (Restated)	Property investment in the PRC HK\$'000 Audited	Trading of properties HK\$'000 Audited	Consolidated HK\$'000 (Restated)
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	108,900	81,319	—	1,655,746
Corporate liabilities					109,328
Consolidated liabilities					1,765,074

## 3. Seasonality of operations

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

4. Other income and gain

	Six months ended 30 June	
	2012 HK\$'000 Unaudited	2011 HK\$'000 Unaudited
Bank interest income	14,420	23,462
Exchange gain, net	—	21,709
Gain on disposal of property, plant and equipment	—	640
Imputed interest income on loan to an associate and amount due from an associate	—	616
Sundry income	544	21
	<b>14,964</b>	<b>46,448</b>

5. Finance costs

	Six months ended 30 June	
	2012 HK\$'000 Unaudited	2011 HK\$'000 Unaudited
Interest on bank loans		
— wholly repayable within five years	7,361	8,971
— not wholly repayable within five years	1,418	1,120
	<b>8,779</b>	<b>10,091</b>

6. Profit before taxation

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

	Six months ended 30 June	
	2012 HK\$'000 Unaudited	2011 HK\$'000 Unaudited
Allowance (reversal of allowance) for doubtful debts	34	(3)
Amortisation of prepaid lease payments for land	2	2
Auditor's remuneration	425	665
Cost of sales comprise:		
Cost of inventories recognised as expense	833,574	1,003,007
(Reversal of allowance) Allowance for inventories	(3,869)	22,934
Depreciation of property, plant and equipment	1,191	1,074
Exchange loss (gain), net	7,027	(21,709)
Share of taxation of an associate*	35,875	314
Staff costs including directors' emoluments	8,701	8,774
Gross rental income from investment properties	(17,701)	(16,424)
Less: Outgoings	2,652	786
Net rental income from investment properties	<b>(15,049)</b>	<b>(15,638)</b>

\* Included in "Share of results of associates" in the condensed consolidated income statement

**7. Income tax expense**

The charge comprises:

	<b>Six months ended 30 June</b>	
	<b>2012 HK\$'000 Unaudited</b>	2011 HK\$'000 Unaudited (Restated)
Hong Kong Profits Tax Current period	<b>638</b>	2,470
Other jurisdiction Current period	<b>111</b>	232
Overprovision in prior years	<b>—</b>	(447)
	<b>111</b>	(215)
Deferred taxation Current period	<b>919</b>	5,161
<b>Total tax expenses for the period</b>	<b>1,668</b>	7,416

Hong Kong Profits Tax has been provided at the rate of 16.5% (2011: 16.5%) of the estimated assessable profits. Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdictions.

**8. Earnings per share**

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

	<b>Six months ended 30 June</b>	
	<b>2012 HK\$'000 Unaudited</b>	2011 HK\$'000 Unaudited (Restated)
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to owners of the Company	<b>138,116</b>	50,477
	<b>Number of shares</b>	
	<b>2012 Unaudited</b>	2011 Unaudited
Number of ordinary shares for the purpose of basic earnings per share	<b>261,684,910</b>	261,684,910
Basic earnings per share (Restated for 2011)	<b>HK52.78 cents</b>	HK19.29 cents

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

## 9. Investment properties

	At 30 June 2012 HK\$'000 Unaudited	At 31 December 2011 HK\$'000 Audited
FAIR VALUE		
At beginning of period/year	934,403	841,098
Increase in fair value	11,446	76,797
Exchange realignment	(4,386)	16,508
At end of period/year	941,463	934,403

The fair value of the Group's investment properties at 30 June 2012 has been arrived at on the basis of a valuation carried out on that date by A.G. Wilkinson & Associates, an independent qualified professional valuer not connected with the Group. A.G. Wilkinson & Associates is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of properties in the PRC and Hong Kong. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and capitalisation of net income by reference to market yield of similar properties.

## 10. Trade and other receivables

	At 30 June 2012 HK\$'000 Unaudited	At 31 December 2011 HK\$'000 Audited
Trade and bills receivables	468,500	622,060
Less: Allowance for doubtful debts	(711)	(677)
	467,789	621,383
Prepayments and deposits	4,066	5,226
Other receivables	32,028	42,992
Trade and other receivables	503,883	669,601

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 (31 December 2011: 30 to 90 days).

**10. Trade and other receivables (continued)**

Included in trade and other receivables are trade and bills receivables with an aged analysis based on invoice date at the end of the reporting period:

	<b>At 30 June 2012 HK\$'000 Unaudited</b>	At 31 December 2011 HK\$'000 Audited
0 – 30 days	<b>208,178</b>	209,297
31 – 60 days	<b>14,107</b>	19,909
61 – 90 days	<b>18,692</b>	7,628
91 – 120 days	<b>15</b>	58,943
Over 120 days	<b>226,797</b>	325,606
	<b>467,789</b>	621,383

At 30 June 2012, the carrying amount of bills receivables with recourse, which had been discounted to certain banks as security for the borrowing was HK\$258,735,000 (31 December 2011: HK\$493,263,000). The carrying amount of the associated liability was HK\$258,698,000 (31 December 2011: HK\$487,048,000). 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.

At 30 June 2012, trade receivables and other receivables with carrying amounts of HK\$32,065,000 (31 December 2011: HK\$32,396,000) and HK\$12,934,000 (31 December 2011: HK\$13,067,000) respectively are due from a customer, Guangzhou Jinhe Feed Company Limited (“Jinhe”). The trade receivables of HK\$32,065,000 (31 December 2011: HK\$32,396,000) were past due as at the reporting date. The Group has not provided for impairment loss on the receivables from Jinhe as 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.

The Group has commenced legal proceedings against Jinhe, the Guarantor and Mr. Wong Hiuman (who shares joint and several liabilities over the payment obligation of Jinhe under the fishmeal trading contracts). The progress about the legal proceedings during the year ended 31 December 2011 was disclosed in the Group’s annual financial statements for the year ended 31 December 2011.

On 1 December 2011 and 10 January 2012, two hearings were held in the Shanghai Court in relation to the legal proceedings.

On 13 June 2012, the Shanghai Court released (i) RMB5,536,000 (equivalent to approximately HK\$6,832,000); and (ii) certain properties held for sale as guarantee for the application of the assets preservation order in respect of the Collateral made by the Shanghai Court during the period ended 30 June 2011 to the Group.

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



## 11. Derivative financial instruments

	At 30 June 2012 HK\$'000 Unaudited	At 31 December 2011 HK\$'000 Audited
<b>Current</b>		
<b>Derivative financial assets</b>		
Foreign currency non-deliverable forward contracts	1,445	1,866
Interest rate swaps	416	1,425
	<b>1,861</b>	<b>3,291</b>
<b>Derivative financial liabilities</b>		
Foreign currency non-deliverable forward contracts	1,820	7,633
Foreign currency deliverable forward contracts	—	673
Interest rate swaps	5,954	5,809
	<b>7,774</b>	<b>14,115</b>
<b>Non-current</b>		
<b>Derivative financial assets</b>		
Foreign currency non-deliverable forward contracts	—	574
<b>Derivative financial liabilities</b>		
Interest rate swaps	—	1,527

## 12. Structured bank deposits/restricted bank deposit

The structured bank deposits were principal-protected yield enhancement bank deposits which carried a minimum interest rate ranging from 1.20% to 3.50% (31 December 2011: 1.20% to 3.56%) per annum and can be enhanced to a maximum interest rate ranging from 4.10% to 5.70% (31 December 2011: 3.60% to 5.70%) per annum which is to be determined by reference to the market exchange rate of USD/Euro, USD/HK\$ or USD/AUD during a pre-determined period ranging from one to six (31 December 2011: one to twelve) months.

The structured bank deposits contained embedded derivatives representing a return which would vary with prevailing market exchange rate of USD/Euro, USD/HK\$ or USD/AUD. The directors of the Company consider that the fair value of the embedded derivative is minimal and hence no fair value is recognised for derivative financial instrument. Certain structured bank deposits with carrying value of HK\$107,801,000 (31 December 2011: HK\$250,077,000) were pledged against bank borrowings.

Restricted bank deposit represented a time deposit with original maturity of 2 years charged to the Heyuan Court as guarantee for the application of the Second Order to seal up the Collateral pledged by the Guarantor as mentioned in note 10. The restricted bank deposit carries fixed interest rate at 4.40% per annum.

**13. 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:

	At 30 June 2012 HK\$'000 Unaudited	At 31 December 2011 HK\$'000 Audited
0 – 30 days	249,545	132,955
31 – 60 days	10,110	19,856
61 – 90 days	18,432	—
91 – 120 days	—	58,326
Over 120 days	195,426	283,275
	<b>473,513</b>	494,412

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 (31 December 2011: 30 days). No interest is charged by the trade creditors.

**14. Borrowings**

	At 30 June 2012 HK\$'000 Unaudited	At 31 December 2011 HK\$'000 Audited
<b>Secured</b>		
Bank loans	377,026	650,651
Trust receipt loans	61,952	—
Liabilities associated with bills receivables and bills discounted with full recourse	258,698	487,048
	<b>697,676</b>	1,137,699

**14. Borrowings (continued)**

Carrying amounts repayable\*:

	At 30 June 2012 HK\$'000 Unaudited	At 31 December 2011 HK\$'000 Audited
Within one year	528,353	887,502
More than one year, but not exceeding two years	21,874	21,794
More than two years, but not exceeding five years	59,446	62,650
More than five years	88,003	95,768
	<b>697,676</b>	1,067,714
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
Less: Amounts due within one year shown under current liabilities	<b>(528,353)</b>	(957,487)
Amounts due after one year shown under non-current liabilities	<b>169,323</b>	180,212

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

**15. Share capital**

	At 30 June 2012 HK\$'000 Unaudited	At 31 December 2011 HK\$'000 Audited
Authorized:		
500,000,000 (2011: 500,000,000)		
Ordinary shares of HK\$0.2 each	100,000	100,000
Issued and fully paid:		
261,684,910 (2011: 261,684,910)		
Ordinary shares of HK\$0.2 each	52,337	52,337

**16. Share options**

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

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

**17. Dividends**

	<b>Six months ended 30 June</b>	
	<b>2012</b> HK\$'000 Unaudited	2011 HK\$'000 Unaudited
Final dividend paid for 2011 of HK\$0.01 (2011: Final dividend paid for 2010 of HK\$0.01) per ordinary share	<b>2,617</b>	2,617

**18. Related party transactions**

- (a) The Group's balances with related parties are set out in the condensed consolidated statement of financial position.
- (b) Key management compensation was as follows:

	<b>Six months ended 30 June</b>	
	<b>2012</b> HK\$'000 Unaudited	2011 HK\$'000 Unaudited
Salaries and other short-term employee benefits	<b>3,919</b>	4,243

## 19. Events after the reporting period

On 11 July 2012, the Group's wholly owned subsidiary, Great China Development (Shanghai) Limited ("Great China Development") and an independent third party (the "Purchaser"), entered into a sale and purchase agreement in relation to the disposal of 43% of the issued share capital of an associate, Samstrong International Limited (the "Disposal Company") and the assignment of the loan and other amount due by the Disposal Company to Great China Development (the "Loan"). Pursuant to the sale and purchase agreement, Great China Development has conditionally agreed to (i) dispose of 43 ordinary shares with par value of US\$1 each in the Disposal Company, representing 43% of the issued share capital of the Disposal Company, to the Purchaser for approximately RMB313.6 million; and (ii) assign the Loan of RMB51.9 million in favour of the Purchaser. The aggregate consideration of the disposal is approximately US\$57.7 million, being equivalent to approximately RMB365.5 million or approximately HK\$447.8 million. The principal activity of the Disposal Company and its subsidiaries (the "Disposal Group") is property investment in Shanghai and the information about the Disposal Group is presented under the segment of "Property investment in the PRC".

The equity interest in the Disposal Company to be disposed of together with the Loan to be assigned to the Purchaser would be recovered principally through sale and they have met the conditions to be classified as held-for-sale as at 30 June 2012. Accordingly, the equity interests in the Disposal Company and the Loan as at 30 June 2012 have been measured in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" i.e. they are measured at the lower of carrying amount and fair value less costs to sell. Equity accounting on the Group's interest in the Disposal Group has ceased from the date the held-for-sale criteria are met. In addition, the Group's share of interests in associates (being the Disposal Group) with carrying value of HK\$250,947,000 as at 30 June 2012 and the Loan with carrying value of HK\$62,412,000 as at 30 June 2012, amounting to HK\$313,359,000 in aggregate, have been presented separately from other assets in the condensed consolidated statement of financial position as "Non-current assets classified as held for sale" under current assets.

Further details about the disposal have been disclosed in the Company's circular dated 9 August 2012 (the "Circular"). The directors of the Company expect that the disposal can be completed during the financial year ending 31 December 2012.

As disclosed in the Circular, based on the financial information of the Group as at 31 December 2011, the Group expects to recognise a gain of approximately HK\$192 million in relation to the disposal of 43% of the issued share capital of the Disposal Company which is calculated based on the consideration for such disposal of RMB313.6 million (equivalent to approximately HK\$384.2 million) less the carrying amount of the Group's share of interests in the Disposal Group as at 31 December 2011 amounting to HK\$146.5 million, after deducting the estimated tax liabilities, commission and legal and professional fees incidental to the disposal amounting to HK\$45.7 million. The carrying value of the Group's share of interests in the Disposal Group as at 30 June 2012 has increased to HK\$250.9 million which has been reflected in the unaudited consolidated statement of financial position as at 30 June 2012. The actual gain or loss would change subject to the carrying amount of the Group's share of interests in the Disposal Group at the completion date.

The sale and purchase agreement and the transaction contemplated thereunder have been approved by an ordinary resolution of the shareholders of the Company at the extraordinary general meeting held on 27 August 2012.