



GREAT CHINA

GREAT CHINA HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 141

2013 INTERIM REPORT

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of Great China Holdings Limited (the "Company") presents this Interim Report for the six months ended 30 June 2013 (the "Period").

MANAGEMENT DISCUSSION AND ANALYSIS

The turnover of the Company and its subsidiaries (collectively, the "Group") increased by HK\$21 million to HK\$917 million for the Period but net profit for the Period decreased by around 64% to HK\$50 million as compared with the corresponding period in 2012.

The table below summarises the Group's revenue and results for the Period as compared with the corresponding period in 2012.

REVENUE AND RESULTS BY OPERATING SEGMENTS

	Revenue		Profit	
	Six months ended 30 June	2012	Six months ended 30 June	2012
	2013 HK\$ million Unaudited	2012 HK\$ million Unaudited	2013 HK\$ million Unaudited	2012 HK\$ million Unaudited
General Trading	899.0	877.1	40.2	14.5
Property Investment in Hong Kong	7.0	7.5	7.5	13.8
Property Investment in the PRC	10.7	10.7	9.8	114.6*
	17.7	18.2	17.3	128.4
Total	916.7	895.3	57.5	142.9
Profit after tax for the period attributable to owners of the Company			49.6	138.1

* 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 in 2012. The disposal of the Group's associates was completed in October 2012. There was no such share of results of associates in 2013.

BUSINESS REVIEW

General Trading

Fishmeal Products

For the six months ended 30 June 2013, segment result of the Group's trading of fishmeal products has improved as compared with the corresponding period last year. Driven by the unexpected fishing quota reduction by the end of 2012, the supply of fishmeal in the first quarter reduced and the fishmeal product price has climbed up dramatically.

However, starting from the second quarter of this year, the weather condition in China was unfavorable which delayed the aquatic season and the consumption of fishmeal products slowed down. Furthermore, Peru had announced a fishing quota which fell within market expectation relieving the tight supply in the first quarter. Consequently, the fishmeal prices started to soften. The Group reacted by maintaining a conservative strategy to reduce the market risk.

For the first half of 2013, the Group's fishmeal products revenue was HK\$879.7 million (2012: HK\$877.1 million), a similar level to the same period last year. Despite that the fishmeal product price softened in the second quarter, the average selling price was still significantly higher than that in 2012. The drop in trading volume brought down the gross profit to HK\$42.4 million (2012: HK\$47.4 million), but it helped reduce the distribution costs. As a result, this segment recorded a profit of HK\$40.2 million for the Period (2012: HK\$14.5 million).

Property Investments in Hong Kong

During the Period under review, the rental income of the investment properties in Hong Kong was HK\$7.0 million (2012: HK\$7.5 million), representing a decrease of 7% as compared with the same period last year. This was mainly due to vacancy of two properties until the second quarter in 2013. The investment properties were valued by an independent professional valuer and recorded fair value gain of investment properties of HK\$2.2 million for the Period.

Property Investment and Properties Held for Sale in the PRC

Rental income from the investment properties in the PRC was HK\$10.7 million during the Period (2012: HK\$10.2 million), representing an increase of 5% as compared with the corresponding period last year. The fair value gain of HK\$1.5 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\$12.2 million to the Group's profit.

PROSPECTS

General Trading

The unstable weather condition in China in the first half increased the mortality rate of infant shrimp. Shrimp farmers responded by reducing the production which may reduce the consumption of fishmeal products in the coming seasons. The conditions for general trading will continue to be challenging and we are cautious about the outlook of general trading.

Property Investment

The vacant properties successfully leased out by the end of the first half which will contribute additional rental income to the Group in the second half of the year. The property market in Hong Kong is still suffering from unfavorable government policies. The Group will be cautious about the property investment.

The Group will continue to review market conditions and consider investing in good quality properties in Hong Kong and China.

FINANCIAL REVIEW

As at 30 June 2013, the Group's gearing ratio was 10% (31 December 2012: 11%), which was based on the Group's long term borrowings of HK\$147 million (31 December 2012: HK\$158 million) and shareholders' equity of HK\$1,450 million (31 December 2012: HK\$1,417 million). The Group's current ratio was 1.87 (31 December 2012: 1.84), calculated on the basis of current assets of HK\$1,344 million (31 December 2012: HK\$1,306 million) over current liabilities of HK\$718 million (31 December 2012: HK\$710 million).

As at 30 June 2013, total restricted bank deposit, pledged bank deposits, structured bank deposits, bank balances and cash were approximately HK\$527 million (31 December 2012: HK\$819 million). The Group's borrowings were approximately HK\$373 million (31 December 2012: HK\$438 million), of which approximately HK\$191 million (31 December 2012: HK\$258 million) were secured with bank deposits of HK\$191 million (31 December 2012: HK\$260 million). The Group's borrowings were denominated in United States dollars, Hong Kong dollars, Renminbi and Australian dollars.

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 2013, the Group has pledged the following assets and assigned rental income from letting of properties in favour of banks to secure banking facilities:

	At 30 June 2013 HK\$'000 Unaudited	At 31 December 2012 HK\$'000 Audited
Investment properties	807,167	799,487
Leasehold land and buildings	41,997	42,230
Financial assets at fair value through profit or loss	70,354	—
Pledged bank deposits	—	92,449
Structured bank deposits	190,890	187,883
Bills receivables	190,801	187,796

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2013 (2012: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2013, the Group employed 85 employees (2012: 82) with staff costs for the six months then ended amounting to HK\$11,413,000 (2012: HK\$8,701,000). 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 2013, 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	1,076,000	138,347,288 (Note)	139,423,288	53.28%

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 2013.

Save as disclosed above, as at 30 June 2013, none of the directors or the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), to be notified to the Company and the Stock Exchange.

None of the directors nor chief executives (including their spouse and children under 18 years of age) of the Company had any interest in, or had been granted, or had exercised, any rights to subscribe for the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) during the six months ended 30 June 2013.

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 2013, 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 2013.*

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 2013, 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 the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the six months ended 30 June 2013, except for the following deviation:

Code Provision A.6.7

This code provision stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. One of the independent non-executive directors of the Company was unable to attend the Company's annual general meeting held on 21 May 2013 due to his other business engagement.

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. David Hon To Yu was appointed as an independent non-executive director of Keck Seng Investments (Hong Kong) Limited (listed on the Main Board of the Stock Exchange; stock code: 184) on 1 April 2013 and of New Century Asset Management Limited, manager of New Century Real Estate Investment Trust (listed on the Main Board of the Stock Exchange; stock code: 1275) on 14 June 2013.
- Mr. David Hon To Yu retired as an independent non-executive director of China Datang Corporation Renewable Power Co., Limited (listed on the Main Board of the Stock Exchange; stock code: 1798) on 20 August 2013.

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 own code of conduct regarding securities transactions by the directors. 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 2013.

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 2013 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 of the Board), 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, 26 August 2013

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June	
		2013 HK\$'000 Unaudited	2012 HK\$'000 Unaudited
Revenue	3	916,707	895,335
Cost of sales		(856,641)	(829,705)
Gross profit		60,066	65,630
Other income	5	18,955	14,964
Distribution costs		(15,554)	(25,738)
Administrative expenses		(18,195)	(16,559)
Share of results of associates		—	107,697
Finance costs	6	(4,953)	(8,779)
Other gains/(losses)			
Increase in fair value of investment properties		4,572	11,446
Change in fair value of financial assets at fair value through profit or loss		(931)	—
Change in fair value of derivative financial instruments		1,859	(1,837)
Reversal of impairment/(Impairment loss) on available-for-sale-financial assets		47	(13)
Others		5,709	(7,027)
Profit before income tax	7	51,575	139,784
Income tax expense	8	(1,999)	(1,668)
Profit for the period attributable to owners of the Company		49,576	138,116
Earnings per share	9	HK cents	HK cents
— Basic		18.94	52.78
— Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME

	Six months ended 30 June	
	2013 HK\$'000 Unaudited	2012 HK\$'000 Unaudited
Profit for the period	49,576	138,116
Other comprehensive income		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange difference arising from translation of foreign operations	9,009	(7,562)
Increase/(Decrease) in fair value of available-for-sale financial assets	180	(130)
Other comprehensive income for the period	9,189	(7,692)
Total comprehensive income for the period attributable to owners of the Company	58,765	130,424

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2013 HK\$'000 Unaudited	At 31 December 2012 HK\$'000 Audited
	<i>Notes</i>		
Non-current assets			
Investment properties	11	968,352	956,907
Property, plant and equipment		51,550	52,788
Prepaid lease payments for land		268	271
Other receivables	12	—	16,175
Available-for-sale financial assets	13	11,304	11,077
		1,031,474	1,037,218
Current assets			
Properties held for sale		19,762	19,322
Inventories		53,553	146,199
Prepaid lease payments for land		4	4
Trade and other receivables, prepayments and deposits	12	650,866	307,809
Financial assets at fair value through profit or loss	14	92,563	13,648
Tax recoverable		295	295
Derivative financial assets	15	55	152
Restricted bank deposit	16	17,057	16,789
Pledged bank deposits		—	92,449
Structured bank deposits	16	405,685	375,667
Bank balances and cash		104,289	333,728
		1,344,129	1,306,062

	Notes	At 30 June 2013 HK\$'000 Unaudited	At 31 December 2012 HK\$'000 Audited
Current liabilities			
Trade and bills payables	17	398,964	318,352
Other payables and accrued expenses		88,841	104,569
Rental deposits received		3,149	3,082
Borrowings	18	225,739	279,594
Derivative financial liabilities	15	—	3,051
Tax payable		1,123	1,296
		717,816	709,944
Net current assets			
		626,313	596,118
Total assets less current liabilities			
		1,657,787	1,633,336
Non-current liabilities			
Rental deposits received		5,583	4,831
Borrowings	18	147,425	158,396
Deferred tax liabilities		55,149	53,076
		208,157	216,303
NET ASSETS			
		1,449,630	1,417,033
Capital and reserves			
Share capital	19	52,337	52,337
Reserves		1,397,293	1,364,696
TOTAL EQUITY			
		1,449,630	1,417,033

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
At 1 January 2013	52,337	19,516	125,305	495	870	1,218,510	1,417,033
Profit for the period	—	—	—	—	—	49,576	49,576
Other comprehensive income for the period	—	—	9,009	—	180	—	9,189
Total comprehensive income for the period	—	—	9,009	—	180	49,576	58,765
Transactions with owners: 2012 final dividend paid (note 10)	—	—	—	—	—	(26,168)	(26,168)
At 30 June 2013 (unaudited)	52,337	19,516	134,314	495	1,050	1,241,918	1,449,630
At 1 January 2012, as previously reported	52,337	19,516	141,013	495	1,270	863,909	1,078,540
Prior year adjustment in respect of change in accounting policy — Adoption of amendments to HKAS 12	—	—	—	—	—	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 for the period	—	—	(7,562)	—	(130)	—	(7,692)
Total comprehensive income for the period	—	—	(7,562)	—	(130)	138,116	130,424
Transactions with owners: 2011 final dividend paid (note 10)	—	—	—	—	—	(2,617)	(2,617)
At 30 June 2012 (unaudited)	52,337	19,516	133,451	495	1,140	1,068,469	1,275,408

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2013 HK\$'000 Unaudited	2012 HK\$'000 Unaudited
Net cash (used in)/generated from operating activities	(207,614)	40,749
Net cash generated from investing activities	68,979	417,631
Net cash used in financing activities	(90,994)	(450,064)
Net (decrease)/increase in cash and cash equivalents	(229,629)	8,316
Cash and cash equivalents at beginning of the period	333,728	91,430
Effect on foreign exchange rate changes	190	(780)
Cash and cash equivalents at end of the period	104,289	98,966
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	104,289	98,966

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

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

Its immediate holding company is Fulcrest Limited, a limited liability company incorporated in Hong Kong and its ultimate holding company is Kwong Fong Industries Corporation, a limited liability company incorporated in Taiwan with its shares listed on the Taiwan Stock Exchange Corporation.

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

2. Basis of preparation and accounting policies

(a) Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2013 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 Rules Governing the Listing of Securities on the Stock Exchange. The unaudited condensed consolidated 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 2012.

(b) Principal accounting policies

The unaudited condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair value.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012 except as described below.

2. Basis of preparation and accounting policies (continued)

(c) *Adoption of new or revised standards*

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s unaudited condensed consolidated financial statements:

Amendments to HKAS 1 (Revised)	Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual improvements	Annual improvements to HKFRSs — 2009–2011 Cycle

Amendments to HKAS 1 (Revised) Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group’s presentation of other comprehensive income in these financial statements has been modified accordingly.

Amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an material impact on the Group’s unaudited condensed consolidated financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7.

2. Basis of preparation and accounting policies (continued)

(c) *Adoption of new or revised standards (continued)*

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the requirements in HKAS 27 *Consolidated and Separate Financial Statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation — Special Purpose Entities*, it introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013. Accordingly, this new accounting policy does not have any material impact on the financial position and the financial result of the Group.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in the unaudited condensed consolidated financial statements as a result of adopting HKFRS 12.

HKFRS 13 Fair Value Measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The Group has included the relevant disclosures in note 23. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Annual Improvements to HKFRSs 2009–2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision-maker and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the chief operating decision-maker and there has been a material change in the amounts compared with the last annual financial statements.

In respect of this amendment, as the chief operating decision-maker regularly reviews assets and liabilities of the Group's reportable segments for performance assessment and resources allocation purposes and also, the directors are of the opinion that the changes in the reporting segment assets and liabilities from the amounts disclosed in the Group's last annual financial statements are material, the Group has continued to disclose segment assets and segment liabilities as part of the segment information in note 3.

2. Basis of preparation and accounting policies (continued)

(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 2013 and have not been early adopted by the Group. The Group is in the process of making an assessment of the potential impact of these new or revised standards.

3. 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 has identified the following reportable segments for its operating segments. These segments are managed separately as each business offers different products and services and required different business strategies.

1. General trading — trading of fishmeal products
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 (other than Hong Kong) and provision for agency services. During the six months ended 30 June 2012, part of the business was carried out through certain associates, which had been disposed of by the Group in October 2012.
4. Trading of properties — sale of properties situated in the PRC

The accounting policies of the reportable segments are the same as the Group's accounting policies. There were no inter-segment sales between different operating segments for the six months ended 30 June 2013 (six months ended 30 June 2012: nil). Segment revenue represents sales revenue from external customers. The basis of measurement of segment profit or loss and the allocation of assets and liabilities to reportable segments are set out in the Group's annual financial statements for the year ended 31 December 2012.

Information regarding the above segments is reported below.

3. Segment information (continued)**Segment revenue and results**

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

	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
Six months ended 30 June 2013 (unaudited)					
Reportable segment revenue	899,055	6,993	10,659	—	916,707
Reportable segment profit after tax	40,234	7,526*	9,772**	—	57,532
Change in fair value of financial assets at fair value through profit or loss					(931)
Reversal of impairment on available-for-sale financial assets					47
Central administrative costs					(7,766)
Unallocated income					938
Unallocated finance costs					(269)
Unallocated income tax credit					25
Profit for the period					49,576

* The segment profit after tax of property investment in Hong Kong included fair value gain on investment properties of HK\$2,200,000.

** The segment profit after tax of property investment in the PRC included fair value gain on investment properties of HK\$2,372,000, and deferred tax charge of HK\$885,000.

3. Segment information (continued)

Segment revenue and results (continued)

	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
Six months ended 30 June 2012					
(unaudited)					
Reportable segment revenue	877,098	7,521	10,716	—	895,335
Reportable segment profit after tax	14,484	13,755*	114,626**	—	142,865
Impairment loss on available-for-sale financial assets					(13)
Central administrative 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 gain on investment properties of HK\$7,520,000.

** The segment profit after tax of property investment in the PRC included fair value gain on investment properties of HK\$3,926,000, deferred tax charge of HK\$862,000 and share of profit of associates of HK\$107,697,000.

3. Segment information (continued)

Segment assets and liabilities

	General trading HK\$'000	Property investment in Hong Kong HK\$'000	Property investment in the PRC HK\$'000	Trading of properties HK\$'000	Total HK\$'000
At 30 June 2013 (unaudited)					
Reportable segment assets	1,118,554	531,725	468,214	19,763	2,138,256
Available-for-sale financial assets					11,304
Financial assets at fair value through profit or loss					92,563
Corporate assets					133,480
Consolidated assets					2,375,603
Reportable segment liabilities	671,117	95,496	125,584	—	892,197
Corporate liabilities					33,776
Consolidated liabilities					925,973
	General trading HK\$'000	Property investment in Hong Kong HK\$'000	Property investment in the PRC HK\$'000	Trading of properties HK\$'000	Total HK\$'000
At 31 December 2012 (audited)					
Reportable segment assets	1,019,331	529,923	459,056	19,322	2,027,632
Available-for-sale financial assets					11,077
Financial assets at fair value through profit or loss					13,648
Corporate assets					290,923
Consolidated assets					2,343,280
Reportable segment liabilities	673,038	97,918	127,282	—	898,238
Corporate liabilities					28,009
Consolidated liabilities					926,247

4. 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.

5. Other income

	Six months ended 30 June	
	2013 HK\$'000 Unaudited	2012 HK\$'000 Unaudited
Interest income on bank balances and trade receivables measured at amortised cost	12,906	14,420
Interest income on debt securities measured at fair value through profit or loss	381	—
	13,287	14,420
Dividend income from listed equity securities	105	—
Gain on disposal of property, plant and equipment	25	—
Reversal of allowance for doubtful debts	649	—
Sundry	4,889	544
	18,955	14,964

6. Finance costs

	Six months ended 30 June	
	2013 HK\$'000 Unaudited	2012 HK\$'000 Unaudited
Interest on bank loans		
— wholly repayable within five years	3,687	7,361
— not wholly repayable within five years	1,266	1,418
	4,953	8,779

7. Profit before income tax

Profit before income tax has been arrived at after (charging)/crediting:

	Six months ended 30 June	
	2013 HK\$'000 Unaudited	2012 HK\$'000 Unaudited
Auditor's remuneration	(425)	(425)
Amortisation of prepaid lease payments for land	(2)	(2)
Depreciation of property, plant and equipment	(1,656)	(1,191)
Cost of inventories recognised as an expense, including:	(856,641)	(829,705)
(Allowance)/Reversal of allowance for inventories	(3,935)	3,869
Exchange gain/(loss), net	5,709	(7,027)
Reversal of allowance/(Allowance) for doubtful debts	649	(34)
Staff costs including directors' emoluments	(11,413)	(8,701)
Gross rental income from investment properties	17,652	17,701
Less: Outgoings	(1,314)	(2,652)
Net rental income from investment properties	16,338	15,049

8. Income tax expense

Income tax expense comprises:

	Six months ended 30 June	
	2013 HK\$'000 Unaudited	2012 HK\$'000 Unaudited
Hong Kong profits tax		
Current tax for the period	—	638
Other jurisdictions		
Current tax for the period	760	111
Deferred tax		
Current period	1,239	919
Income tax expense	1,999	1,668

8. Income tax expense (continued)

For the six months ended 30 June 2013, no provision for Hong Kong profits tax has been made in the condensed consolidated financial statements as the Group has tax losses brought forward to offset against the estimated assessable profit for the period.

For the six months ended 30 June 2012, Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for that period.

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% (six months ended 30 June 2012: 25%).

Enterprise Income Tax arising from certain Hong Kong subsidiaries' operations in the PRC is calculated at tax rate of 10% (six months ended 30 June 2012: 10%) on the estimated assessable income for the period.

9. Earnings per share

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

	Six months ended 30 June	
	2013 HK\$'000 Unaudited	2012 HK\$'000 Unaudited
Profit for the period attributable to owners of the Company	49,576	138,116

	Six months ended 30 June	
	2013 Number of shares Unaudited	2012 Number of shares Unaudited
Weighted average number of ordinary shares in issue during the period	261,684,910	261,684,910

No diluted earnings per share is presented for the six months ended 30 June 2013 and 2012 as there were no potential dilutive ordinary shares in issue in both periods.

10. Dividends

	Six months ended 30 June	
	2013 HK\$'000 Unaudited	2012 HK\$'000 Unaudited
2012 final dividend paid of HK\$0.10 (six months ended 30 June 2012: 2011 final dividend paid of HK\$0.01) per ordinary share	26,168	2,617

11. Investment properties

	At 30 June 2013 HK\$'000 Unaudited	At 31 December 2012 HK\$'000 Audited
	Carrying amount at beginning of the period/year	956,907
Exchange realignment	6,873	3,333
Increase in fair value	4,572	19,171
Carrying amount at end of the period/year	968,352	956,907

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 30 June 2013 and 31 December 2012 have been arrived at on the basis of a valuation carried out on by A.G. Wilkinson & Associates, independent qualified professional valuers on those dates. 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 assessed by Investment Method of Valuation, which is based on capitalisation of the net income by reference to market yield of similar properties.

Certain investment properties with an aggregate carrying amount of HK\$807,167,000 (31 December 2012: HK\$799,487,000) are pledged to secure bank facilities granted to the Group (note 22).

12. Trade and other receivables, prepayments and deposits

	At 30 June 2013 HK\$'000 Unaudited	At 31 December 2012 HK\$'000 Audited
Trade and bills receivables (<i>note (a)</i>)	603,925	272,425
Less: Allowance for doubtful debts (<i>note (c)</i>)	(3,128)	(3,549)
Trade and bills receivables, net	600,797	268,876
Prepayments, deposits and other receivables (<i>note (b)</i>)	50,649	55,864
Less: Allowance for doubtful debts (<i>note (c)</i>)	(580)	(756)
Prepayments, deposits and other receivables, net	50,069	55,108
Trade and other receivables, prepayments and deposits	650,866	323,984
Less: Other receivables recoverable after one year classified as non-current assets	—	(16,175)
Trade and other receivables, prepayments and deposits classified as current assets	650,866	307,809

(a) Trade and bills receivables

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 30 to 60 days (31 December 2012: 30 to 60 days). For other trade receivables, the Group allows a credit period ranging from 30 to 90 days (31 December 2012: 30 to 90 days). 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.

12. Trade and other receivables, prepayments and deposits (continued)**(a) Trade and bills receivables (continued)**

The ageing analysis of trade and bills receivables (net of allowance for doubtful debts), based on invoice date, as of the end of the reporting period is as follows:

	At 30 June 2013 HK\$'000 Unaudited	At 31 December 2012 HK\$'000 Audited
0 – 30 days	239,711	27,090
31 – 60 days	17,039	22,240
61 – 90 days	96,439	919
91 – 120 days	25,074	57,009
Over 120 days	222,534	161,618
	600,797	268,876

During the six months ended 30 June 2013, the Group discounted part of its bills receivables with full recourse to financial institutions. In the event the discounted bills receivables were defaulted, the Group is obliged to pay the financial institutions the amount in default. Interest is charged at 3% (31 December 2012: 3%) per annum on the proceeds received from the financial institutions until the date of settlement of the discounted bills receivables. At 30 June 2013, bills receivables of HK\$190,801,000 (31 December 2012: HK\$187,796,000) continued to be recognised in the Group's financial statements even though they had legally been transferred to the financial institutions. The proceeds of the discounting transactions of HK\$190,801,000 (31 December 2012: HK\$187,796,000) are included in borrowings as asset-backed financing (note 18) until the bills receivables are collected or the Group settles any losses suffered by the financial institutions. Because the bills receivables have been transferred to the financial institutions legally, the Group did not have the authority to determine the disposition of the bills receivables.

12. Trade and other receivables, prepayments and deposits (continued)**(b) Prepayments, deposits and other receivables**

Other receivables recoverable after one year classified as non-current assets as at 31 December 2012 amounting to HK\$16,175,000 represented outstanding consideration in relation to the disposal of associates of the Group. Further details of the disposal are set out in the Group's annual financial statements for the year ended 31 December 2012. As at 30 June 2013, the other receivables are expected to be recovered within one year and were reclassified as current assets as at 30 June 2013 accordingly.

(c) Impairment of trade and other receivables

Impairment provision made at the end of the reporting period relates to:

- (i) trade and other receivables due from Guangzhou Jinhe Feed Company Limited ("Jinhe") of HK\$46,550,000 (31 December 2012: HK\$45,817,000), of which HK\$2,019,000 (31 December 2012: HK\$2,630,000) has been provided; and
- (ii) trade receivables due from customers of HK\$1,689,000 (31 December 2012: HK\$1,675,000), which have been fully provided as the customers are in financial difficulties.

In determining the recoverability of trade and other receivables, the Group considers any change in the credit quality of the trade and other receivables from the date credit was initially granted up to the reporting date.

As at 30 June 2013, the Group has gross trade receivables and other receivables, due from a customer, Jinhe amounted to HK\$33,171,000 (31 December 2012: HK\$32,648,000) and HK\$13,379,000 (31 December 2012: HK\$13,169,000) respectively. These receivables are past due as at the reporting date and allowance for doubtful debts amounting to HK\$2,019,000 (31 December 2012: HK\$2,630,000) in aggregate has been provided for these balances. 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 up to 31 December 2012 is disclosed in the Group's annual financial statements for the year ended 31 December 2012.

During the six months ended 30 June 2013, the judicial audit continued and has been substantially completed.

On 28 June 2013, a hearing was held in the Shanghai No. 2 Intermediate People's Court (the "Shanghai Court"). Another hearing was held in the Shanghai Court on 12 August 2013.

The next hearing in the China International Economic and Trade Arbitration Commission, Shanghai Sub-Commission is expected to be held soon after the hearing in the Shanghai Court.

Based on the advice of the Group's legal counsel, the management is optimistic that the Group is able to recover the carrying amounts of balances due from Jinhe.

13. Available-for-sale Financial Assets

	At 30 June 2013 HK\$'000 Unaudited	At 31 December 2012 HK\$'000 Audited
Club debentures, at fair value	1,944	1,717
Unlisted equity securities, at cost	9,360	9,360
	11,304	11,077

Available-for-sale financial assets as at 30 June 2013 include club debentures with net carrying amount of HK\$1,944,000 (31 December 2012: HK\$1,717,000), which are stated at fair value.

The remaining balances of HK\$9,360,000 (31 December 2012: HK\$9,360,000) represents investment in unlisted equity securities, which are stated at cost less impairment, if any. The directors of the Company are of the opinion that the range of reasonable fair value estimates is so significant that their fair values cannot be measured reliably. The Group does not intend to dispose of these unlisted equity securities in the near future.

14. Financial assets at fair value through profit or loss

	At 30 June 2013 HK\$'000 Unaudited	At 31 December 2012 HK\$'000 Audited
Equity securities held for trading, at fair value		
— Listed in Hong Kong	1,705	2,730
— Listed outside Hong Kong	7,634	10,918
	9,339	13,648
Debt securities held for trading, at fair value		
— Listed outside Hong Kong	61,581	—
— Traded on OTC outside Hong Kong	21,643	—
	83,224	—
	92,563	13,648

The fair values of the listed equity and debt securities and the debt securities traded on over-the-counter ("OTC") are determined based on quoted market prices available on the relevant stock exchanges and OTC market as further described in note 23.

Certain debt securities of HK\$70,354,000 (31 December 2012: nil) were pledged against bank borrowings (note 22).

15. Derivative financial instruments

	At 30 June 2013 HK\$'000 Unaudited	At 31 December 2012 HK\$'000 Audited
Derivative financial assets		
— Foreign currency non-deliverable forward contracts	—	152
— Foreign currency deliverable forward contract	55	—
	55	152
Derivative financial liabilities		
— Foreign currency non-deliverable forward contracts	—	532
— Interest rate swaps contracts	—	2,519
	—	3,051

The fair values of the foreign currency non-deliverable forward contracts, foreign currency deliverable forward contract and interest rate swap contracts are determined based on valuation techniques described in note 23.

16. Restricted bank deposit / Structured bank deposits

Restricted bank deposit as at 30 June 2013 of HK\$17,057,000 (31 December 2012: HK\$16,789,000) represented a time deposit with original maturity of two years up to November 2013 charged to the Heyuan Intermediate People's Court as guarantee for the application of the second assets preservation order to seal up the Collateral pledged by the Guarantor (details are set out in note 12(c)). The restricted bank deposit carries fixed interest rate at 4.40% per annum.

16. Restricted bank deposit / Structured bank deposits (continued)

The structured bank deposits are principal-protected yield enhancement bank deposits carrying a minimum interest rate ranging from 0% to 1.80% (31 December 2012: 1.20% to 2.20%) per annum and can be enhanced to a maximum interest rate ranging from 4.30% to 5.50% (31 December 2012: 4.40% to 5.30%) per annum which is to be determined by reference to the market exchange rate of USD/Australian Dollar ("AUD") or Euro ("EUR")/USD or investment return (31 December 2012: market exchange rate of USD/AUD or USD/EUR) during a pre-determined period ranging from one to twelve months (31 December 2012: three to twelve months).

The structured bank deposits contain embedded derivatives representing return which would vary with market exchange rates or investment return. The directors of the Company consider that the fair value of the embedded derivatives, the interest cap and the interest floor is minimal and hence no derivative financial instrument is recognised. Certain structured bank deposits with carrying value of HK\$190,890,000 (31 December 2012: HK\$187,883,000) were pledged against bank borrowings (note 22).

17. Trade and bills payables

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

	At 30 June 2013 HK\$'000 Unaudited	At 31 December 2012 HK\$'000 Audited
0 – 30 days	207,617	108,933
31 – 60 days	—	20,367
91 – 120 days	—	57,695
Over 120 days	191,347	131,357
	398,964	318,352

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 2012: 30 days). No interest is charged by the trade creditors.

18. Borrowings

	At 30 June 2013 HK\$'000 Unaudited	At 31 December 2012 HK\$'000 Audited
Secured		
Bank loans	182,363	250,194
Liabilities associated with bills receivables discounted with full recourse	190,801	187,796
	373,164	437,990

The analysis of borrowings by scheduled repayment is as follows:

	At 30 June 2013 HK\$'000 Unaudited	At 31 December 2012 HK\$'000 Audited
Within one year	225,739	279,594
More than one year, but not exceeding two years	22,028	21,955
More than two years, but not exceeding five years	52,992	56,236
More than five years	72,405	80,205
	373,164	437,990
Less: Borrowings repayable within one year and classified as current liabilities	(225,739)	(279,594)
Borrowings repayable after one year and classified as non-current liabilities	147,425	158,396

Included in the Group's borrowings as at 30 June 2013 are variable-rate borrowings of HK\$169,315,000 (31 December 2012: HK\$250,194,000), which carry interest at HIBOR or LIBOR plus certain basis points (31 December 2012: HIBOR or LIBOR plus certain basis points) and thus are subject to cash flow interest rate risk. As at 30 June 2013, the Group's fixed-rate borrowings comprises of discounted bills receivables with recourse of HK\$190,801,000 (31 December 2012: HK\$187,796,000) carry interest rate at 3% (31 December 2012: 3%) per annum and an investment loan of HK\$13,048,000 (31 December 2012: nil) which is a 7-day revolving loan carries interest rate at 3.5% per annum arranged by the Group in connection with the investment in certain debt securities.

18. Borrowings (continued)

The average annual effective interest rate of the Group's variable-rate borrowings was 1.99% (31 December 2012: 1.80%) per annum.

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

	At 30 June 2013 HK\$'000 Unaudited	At 31 December 2012 HK\$'000 Audited
HK\$	14,343	65,862
RMB	190,801	187,796
AUD	13,048	—

19. Share capital

	At 30 June 2013 HK\$'000 Unaudited	At 31 December 2012 HK\$'000 Audited
Authorised: 500,000,000 (31 December 2012: 500,000,000) ordinary shares of HK\$0.2 each	100,000	100,000
Issued and fully paid: 261,684,910 (31 December 2012: 261,684,910) ordinary shares of HK\$0.2 each	52,337	52,337

20. 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.

21. Related party transactions

Save as disclosed elsewhere in these condensed consolidated financial statements, the Group had the following material transactions with related parties.

Key management compensation was as follows:

	Six months ended 30 June	
	2013 HK\$'000 Unaudited	2012 HK\$'000 Unaudited
Fees, salaries and other short-term employee benefits	4,406	3,919

22. Pledge of assets

As at 30 June 2013, the Group has pledged the following assets and assigned rental income from letting of properties in favour of banks to secure banking facilities:

	At 30 June 2013 HK\$'000 Unaudited	At 31 December 2012 HK\$'000 Audited
Investment properties	807,167	799,487
Leasehold land and buildings	41,997	42,230
Financial assets at fair value through profit or loss	70,354	—
Pledged bank deposits	—	92,449
Structured bank deposits	190,890	187,883
Bills receivables	190,801	187,796

23. Fair value measurements of financial instruments

Certain of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The fair value of these financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets including OTC are determined with reference to quoted market prices;
- 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 values 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 values of interest rate swap contracts 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 following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, by level of fair value hierarchy:

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

Level 2: fair value measurements are 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).

	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
As at 30 June 2013 (unaudited)			
Available-for-sale financial assets			
Club debentures	—	1,944	1,944
Financial assets at fair value through profit or loss			
Listed equity securities	9,339	—	9,339
Listed debt securities	61,581	—	61,581
Debt securities traded on OTC	21,643	—	21,643
Derivative financial assets	—	55	55
	92,563	1,999	94,562

23. Fair value measurements of financial instruments (continued)

	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
At 31 December 2012 (audited)			
Available-for-sale financial assets			
Club debentures	1,717	—	1,717
Financial assets at fair value through profit or loss			
Listed equity securities	13,648	—	13,648
Derivative financial assets	—	152	152
	15,365	152	15,517
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities	—	3,051	3,051

The Group holds certain club debentures, which are classified as available-for-sale financial assets and are measured at fair value at each reporting date. The fair value of these club debentures as at 30 June 2013 amounted to HK\$1,944,000 (31 December 2012: HK\$1,717,000). The fair values of the club debentures are determined by the management with reference to prices quoted/published by certain agents. During the period, due to the price quotation for the club debentures are not regularly available and relevant information publicly available is limited, the fair value of the club debentures was reclassified from Level 1 to Level 2 of the fair value hierarchy.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the unaudited condensed consolidated statement of financial position, except for borrowings, approximate to their fair values due to short maturity of these instruments. In addition, the fair value of borrowings which is determined by discounting the expected future cash flows at market rates over the remaining maturity is not materially different from their carrying amount.