大中華實業控股有限公司

GREATER CHINA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 431

Annual Report 2012

Contents

Corporate Information

Executive Directors

Ms. Ma Xiaoling *(Chairman)*
Ms. Chan Siu Mun

Non-executive Director

Mr. Chan Sze Hon

Independent Non-executive Directors and Audit Committee

Mr. Ching Men Ky, Carl
Mr. Lin Ruei Min
Mr. Shu Wa Tung, Laurence

Company Secretary

Ms. Chan Siu Mun

Auditor

HLM CPA Limited
Certified Public Accountants

Principal Bankers

Bank of China
Shanghai Pudong Development Bank Company Limited
Taicang Rural Commercial Bank

Legal Advisors

Sit, Fung, Kwong & Shum
Michael Cheuk, Wong & Kee

Head Office and Principal Place of Business

Rooms 1013 & 15 10/F
Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Share Registrars and Transfer Office

Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM11
Bermuda

Hong Kong Branch Share Registrars and Transfer Office

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

Stock Code

431

Website

http://www.irasia.com/listco/hk/greaterchina/index.htm

Chairman's Statement

On behalf of the board of directors (the "Board") of Greater China Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I would like to present the annual report for the year ended 31 December 2012.

Review of Operations

The year of 2012 was a difficult year for the Group. The general trading business had a significant drop due to the slow down of the economic growth in the PRC which reduced the demand for raw materials. The warehouse storage income remained stable but only slight growth was noted. As a result, it had to raise additional debts from banks in order to meet the financial needs of the Group as a whole.

To cope with the adverse commercial environment, the Group had taken all necessary approach to control and minimise both the administrative expenses and the costs of operations. At the same time, we would strive to explore new opportunity to increase the income stream.

Prospects

In the year of 2013, we are determined to focus on improving the financial position of the Group.

On one hand, we would closely monitor the general trading business and the industrial property development business and take prompt action to deal with the dramatic change in the respective business environment with the aim to improve the cash inflow and the overall profitability.

On the other hand, we would explore and identify all possible solutions to reduce the borrowings and improve the financial position of the Group as a whole. We would involve actively in negotiating the possible disposal of a parcel of land owned by the Group in Taicang City, Jiangsu Provence, the PRC and targeted to complete the transaction as early as possible. In addition, we would also consider to dispose the premise in Beijing owned by the Group if further financial support is needed.

Appreciation

On behalf of the Board, I would like to take this opportunity to thank our staff for their diligence, dedication, loyalty and integrity towards the Group especially in this difficult moment. I would also like to express my gratitude to our shareholders, customers and other business partners for their trust and continued support to the Group.

Ma Xiaoling
Chairman
Hong Kong

26 March 2013

Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 December 2012, turnover of the Group from continuing operation amounted to HK$118,337,000 (2011: HK$184,187,000) which comprised of revenue from general trading segment of HK$108,667,000 (2011: HK$176,107,000) and revenue from industrial property development segment of HK$9,670,000 (2011: HK$8,080,000).

Due to the slow down of the economic growth in the PRC market, the demand for raw materials such as fuel, metal materials, electronic parts, etc. dropped significantly which led to a decrease in revenue of the general trading business by HK$67,440,000 as compared that of the previous year. At the same time, the margin continued to reduce and resulted in a segment loss of HK$22,595,000 (2011: HK$815,000).

The industrial property development segment remained stable and a slight increase in revenue by HK$1,590,000 is noted as a result of the increase in storage utilisation of the warehouse.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2012, the Group has current ratio of approximately 0.40 (2011: 0.45) and the gearing ratio of the Group was 1.23 (2011: 0.68). The calculation of gearing ratio was based on the total borrowings of HK$192,732,000 (2011: HK$135,469,000) and the equity attributable to equity holders of HK$157,310,000 (2011: HK$199,647,000).

Capital commitment in respect of the acquisition and construction of property, plant and equipment amounted to HK$2,813,000 (2011: HK$63,555,000).

The Group does not anticipate any material foreign exchange exposure since its cash, borrowings, revenue and expenses are mainly in Hong Kong dollars and Renminbi.

Management Discussion and Analysis

PROSPECTS

For the coming year, the management will continue to negotiate actively in the disposal of a parcel of land with total site area of approximately 200,000 square meters in Taicang City, Jiangsu Province, the PRC owned by the Group and targets to complete the transaction at the earliest possible time. The proceeds from such disposal, if completed, will be used to reduce the existing bank borrowings of the Group and thus to improve the financial position of the Group as a whole.

For the general trading segment, the Group will closely monitor its profitability and stability. If the situation is not improved in near future, the management will consider all viable solutions including but not limited to the termination of the segment to reduce further loss.

For the industrial property development segment, it remains comparatively stable and the management will focus on introducing additional services to the existing customers with the objective to broaden the income stream and improve the profitability.

Overall speaking, the Group will strive to reduce the total bank borrowings and increase the cash inflow to restore a more healthy financial position in the coming year.

CHARGES ON ASSETS

As at 31 December 2012, prepaid lease payments and warehouse with the aggregate carrying amounts of HK$85,038,000 (2011: HK$86,302,000) and HK$149,362,000 (2011: 165,689,000) respectively were pledged against bank loans granted to the Group.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2012.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2012, the Group has approximately 40 employees. Remuneration is determined by reference to their respective qualifications and experience and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of mandatory provident fund, a discretionary bonus program and a share option scheme.

Biographical Details of Directors

Executive Directors

Ms. Ma Xiaoling, aged 37, is the Chairman of the Company since July 2005. Ms. Ma graduated from Lanzhou Commercial College in the People's Republic of China (the "PRC") in 1998 majoring in International Trade and obtained a Bachelor Degree in Economics. Ms. Ma has over 10 years of experience in property development and investments in the PRC and Hong Kong. Ms. Ma is the sole director and beneficial owner of Keenlead Holdings Limited, which is the controlling shareholder of the Company.

Ms. Chan Siu Mun, aged 38, was appointed as an executive director of the Company since March 2008. Ms. Chan holds a Bachelor of Business Administration (Accounting and Finance) degree from the University of Hong Kong. She is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Ms. Chan has over 14 years of experience in auditing, accounting and financial management. Before joining the Company, she worked in an international professional audit firm and a number of listed companies.

Non-executive Director

Mr. Chan Sze Hon, aged 39, was appointed as an executive director of the Company in July 2005 and re-designated to non-executive director since October 2008. Mr. Chan is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Mr. Chan holds a Bachelor of Arts Degree in Accountancy from City University of Hong Kong and a Master Degree in Corporate Finance from the Hong Kong Polytechnic University. He has over 17 years of experience in accounting and financial management and had worked for an international accounting firm in Hong Kong for over 8 years.

Mr. Chan was also an executive director of Fantasia Holdings Group Company Limited, a company listed on the Main Board of the Stock Exchange from 7 September 2009 to 30 November 2012 and an independent non-executive director of ERA Mining Machinery Limited ("ERA"), a company listed on the Growth Enterprise Market (the "GEM Board") of the Stock Exchange from 25 February 2008 to 8 June 2012. ERA was delisted in 2012. During the period from 5 December 2007 to 23 November 2011, Mr. Chan was an independent non-executive director of China Mining Resources Group Limited, a company listed on the Main Board of the Stock Exchange and during the period from 7 September 2007 to 10 January 2012. Mr. Chan was an independent non-executive director of China AU Group Holdings Limited, a company listed on the GEM Board of the Stock Exchange.

Biographical Details of Directors

Independent Non-executive Directors

Mr. Ching Men Ky, Carl, aged 68, appointed in August 2005 and serves on the Audit Committee of the Company, graduated from Tak Ming College with a Bachelor Degree in Business and was awarded with an Honorable Doctorate Degree from Beijing International Business School in the PRC. Mr. Ching has years of experience in business management. He has also been participating in various social activities and has been acting as the director of United World Chinese Association Limited and the director of Asian Professional Basketball Management and Development Company Limited. Mr. Ching is currently an executive director of Sino Union Petroleum & Chemical International Limited, whose shares are listed on the Main Board of the Stock Exchange.

Mr. Lin Ruei Min, aged 69, appointed in August 2005 and serves on the Audit Committee of the Company, graduated from the Department of Politics of Fu Hsing Kang College in Taiwan. Mr. Lin is currently the Chief Consultant of an asset management consultant company in Taiwan. He is the founder of Taiwan branch of United World Chinese Association Limited.

Mr. Shu Wa Tung, Laurence, aged 40, appointed in August 2005 and serves on the Audit Committee of the Company, graduated from Deakin University in Australia with a Bachelor Degree in Business majoring in Accounting. Mr. Shu is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a CPA member of CPA Australia. He has over 10 years of experience in audit, corporate finance and corporate advisory services. Mr. Shu is also an independent non-executive director of Perception Digital Holdings Limited and HL Technology Group Limited, whose shares are listed on the Main Board of the Stock Exchange.

Corporate Governance Report

The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of all shareholders. The Company has always recognised the importance of the transparency and accountability towards the shareholders. It is the belief of the Board that shareholders can maximise their benefits from good corporate governance.

Code on Corporate Governance Practices

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("Code on Corporate Governance") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited, except for the following deviations:

— Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Ms. Ma Xiaoling is the chairman and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conductive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Ms. Ma and believes that her appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

— Code A.4.1 stipulates that non-executive directors should be appointed for specific terms and subject to re-election.

The non-executive director and the independent non-executive directors of the Company were not appointed for any specific terms, as they are subject to retirement by rotation at the Company's annual general meeting in accordance with the Company's Bye-laws.

— Code A.5 stipulates that a nomination committee should be established to make recommendations to the Board on the appointment and reappointment of directors.

The Board as a whole is responsible for the appointment of its own members. The Board does not establish a nomination committee and is not considering to establish the same in view of the small size of the Board. The chairman of the Board is responsible for identifying appropriate candidate and proposing qualified candidate to the Board for consideration. The Board will review profiles of the candidate recommended by the chairman and make recommendation the appointment, re-election and retirement of the directors. Candidates are appointed to the Board on the basis of their skill, competence and experience that they can contribute to the Company.

The Board

The Board comprises two executive directors, being Ms. Ma Xiaoling (Chairman), and Ms. Chan Siu Mun, one non-executive director, being Mr. Chan Sze Hon and three independent non-executive directors, being Mr. Ching Men Ky Carl, Mr. Lin Ruei Min and Mr. Shu Wa Tung Laurence.

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence across the Board.

The non-executive director and the independent non-executive directors are persons of high caliber with academic and professional qualifications in the area of accounting, financial, management and various business field which provide the Group with a wide range of valuable expertise. With their experience gained from senior positions held in other organisations, they provide strong support towards the effective discharge of the duties and responsibilities of the Board.

The Company has received an annual confirmation of independence from each of the independent non-executive directors. The Company is of the view that all the independent non-executive directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules.

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances, but the day-to-day management is delegated to the two executive directors, Ms. Ma Xiaoling and Ms. Chan Siu Mun. Ms. Ma as Chairman and Chief Executive Officer heads the Board and implements the strategies and polices approved by the Board whilst Ms. Chan is responsible for the operations of the Group, in particular the finance function.

The list of directors of the Company and their roles and functions is posted on the website of the Company and the Stock Exchange.

Directors' Training and Professional Development

The Company is responsible for arranging and funding suitable training for the directors and individual directors also participated in courses relating to the roles, functions and duties of a listed company director or further enhancement of their professional development by way of attending training courses or via online aids or reading relevant materials. The company secretary of the Company continuously updates all directors on the latest development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

Corporate Governance Report

Board Meeting

The Board held 4 meetings during the year of 2012. The individual attendance record is as follows:

Directors	Number of attendance
Executive directors:	
Ms. Ma Xiaoling	4/4
Ms. Chan Siu Mun	4/4
Non-executive director:	
Mr. Chan Sze Hon	4/4
Independent non-executive directors:	
Mr. Ching Men Ky, Carl	4/4
Mr. Lin Ruei Min	4/4
Mr. Shu Wa Tung, Laurence	4/4

Directors have timely access to relevant information prior to each board meeting. Directors are given the opportunity to include matters in the agenda for regular board meetings while Directors are entitled to have access to board papers and related materials to allow them to make informed decisions on matters arising from board meetings.

Minutes of board meetings and meetings of other committees are kept by the Company Secretary and are open for inspection by directors.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all directors whether the directors have complied with the required standard set out in the Model Code regarding directors' securities transactions and all directors confirmed that they have complied with the Model Code.

Audit Committee

The Company has established an audit committee in compliance with the Listing Rules to fulfil the functions of reviewing and monitoring the financial reporting and internal control of the Company. The audit committee of the Company currently comprises three independent non-executive directors, including Mr. Ching Men Ky, Carl ("Mr. Ching"), Mr. Lin Ruei Min ("Mr. Lin") and Mr. Shu Wa Tung, Laurence ("Mr. Shu"). The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 December 2012.

The audit committee meets twice during the year. The individual attendance record is as follows:

Directors	Number of attendance
Mr. Ching Men Ky, Carl	2/2
Mr. Lin Ruei Min	2/2
Mr. Shu Wa Tung, Laurence	2/2

Remuneration Committee

The Board has established a remuneration committee. The remuneration committee, currently comprising executive directors, Ms. Ma and Ms. Chan Siu Mun, non-executive director, Mr. Chan Sze Hon, and independent non-executive directors, Mr. Ching, Mr. Lin and Mr. Shu, is responsible for advising the Board on the remuneration policy and framework of the Company's directors and senior management members, as well as review and determine the remuneration of all executive directors and senior management members with reference to the Company's objectives from time to time.

Auditor's Remuneration

For the year ended 31 December 2012, the total remuneration in respect of audit services paid and payable to the Company's auditor, HLM CPA Limited, amounted to HK$500,000.

Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2012.

Principal Activities

The Company acts as an investment holding company and provides corporate management services to its subsidiaries. The activities of its principal subsidiaries are set out in note 1 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2012 are set out in the consolidated statement of comprehensive income on page 19.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: nil).

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in note 19 to the consolidated financial statements.

Share Capital

Details of the share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

Purchase, Sale and Redemption of the Listed Securities

During the year, there were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

Major Customers and Suppliers

The aggregate sales attributable to the Group's largest customer and the five largest customers accounted for approximately 53% and 94% of the Group's total revenue for the year respectively. The largest supplier and the five largest suppliers accounted for approximately 47% and 93% of the Group's purchases respectively.

None of the directors, their associates, or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in any of the Group's five largest suppliers or customers.

Directors

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

Executive Directors:

Ms. Ma Xiaoling *(Chairman)*
Ms. Chan Siu Mun

Non-executive Director:

Mr. Chan Sze Hon

Independent Non-executive Directors:

Mr. Ching Men Ky, Carl
Mr. Lin Ruei Min
Mr. Shu Wa Tung, Laurence

In accordance with clauses 99(A) and 99(B) of the Company's Bye-laws, Ms. Ma Xiaoling and Mr. Shu Wa Tung, Laurence will retire and, being eligible, offer himself for re-election.

Independent non-executive directors are not appointed for a specific term. All directors (including non-executive director and independent non-executive directors) are subject to retirement by rotation in accordance with the Company's Bye-laws.

Directors' Service Contracts

No directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Shares

As at 31 December 2012, the interests of the directors and chief executive of the Company in the equity or debt securities and underlying shares of the Company or any associated corporations (within the meaning of the Securities and Futures Ordinance ("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 the interests and short positions which the director is 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 Companies to be notified to the Company and the Stock Exchange were as follows:

Long positions

Name	Nature of interest	Number of shares held	Percentage to issued share capital
Ms. Ma Xiaoling	Corporate interests (Note)	120,212,256	40.09%

Note: Ms. Ma Xiaoling is the beneficial owner of the entire issued share capital of Keenlead Holdings Limited, which owned 120,212,256 shares in the Company as at 31 December 2012.

Save as disclosed above, as at 31 December 2012, none of the directors and chief executive of the Company had an interest or short position in the equity or debt securities and underlying shares of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which the director is 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 Companies to be notified to the Company and the Stock Exchange.

Arrangements to Purchase Shares or Debentures

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

Directors' Interests in Contracts of Significance

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

Interests of Substantial Shareholders

So far as is known to the directors, as at 31 December 2012, the following shareholders had interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register kept by the Company pursuant to Section 336 of the SFO, who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company:

Name	Note(s)	No. of shares held	Percentage to issued share capital
Keenlead Holdings Limited	1	120,212,256	40.09%
Ms. Ma Xiaoling	1	120,212,256	40.09%

Notes:

1. The entire issued share capital of Keenlead Holdings Limited is wholly and beneficially owned by Ms. Ma Xiaoling.

Save as disclosed above, the Company has not been notified of any other shareholders who had any interest or short position in the shares and underlying shares of the company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company as at 31 December 2012.

Emolument Policy

The emolument policy regarding the employees of the Group is set up by the Remuneration Committee and is based on their merit, qualifications and competence.

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

The Company has adopted a share option scheme as an incentive to the directors and eligible employees, details of the scheme is set out in note 29 to the consolidated financial statements.

Directors' Report

Pre-emptive Rights

There are no provision for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31 December 2012.

Auditors

The consolidated financial statements of the Group for the year ended 31 December 2010 were audited by Messrs. Deloitte Touche Tohmatsu ("Deloitte"). During 2011, Deloitte resigned as the auditor of the Company and Messrs. HLM & Co. was appointed as the auditor of the Company on 5 December 2011. The consolidated financial statements of the Group for the year ended 31 December 2011 were audited by Messrs. HLM & Co..

On 25 January 2013, Messrs. HLM & Co. Certified Public Accountants resigned as the auditor of the Company and Messrs. HLM CPA Limited was appointed by the directors to fill the casual vacancy. The consolidated financial statements of the Group for the year ended 31 December 2012 have been audited by Messrs. HLM CPA Limited. A resolution for their reappointment as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Ma Xiaoling
Chairman

Hong Kong, 26 March 2013

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

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TO THE MEMBERS OF GREATER CHINA HOLDINGS LIMITED
大中華實業控股有限公司
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Greater China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 19 to 89, which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Independent Auditor's Report

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2012, and its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements which indicates that the Group's consolidated current liabilities exceeded its consolidated current assets by HK$127,280,000 and the Group incurred a loss of HK$43,907,000 for the year ended 31 December 2012. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. As explained in note 2 to the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group's ability to renew its current banking facilities upon expiry, the financial support to be provided by its ultimate holding company and the Group's ability to dispose of certain of its assets to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future. These consolidated financial statements do not include any adjustments that would result from the failure to achieve any of these actions.

HLM CPA Limited
Certified Public Accountants
HO PAK TAT
Practising Certificate Number: P05215
Hong Kong

26 March 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Continuing operations			
Revenue	8	**118,337**	184,187
Cost of sales		**(108,924)**	(175,701)
Gross profit		**9,413**	8,486
Other income	10	**5,760**	38,003
Selling and distribution costs		**(106)**	(141)
Administrative and other operating expenses		**(33,002)**	(37,380)
Impairment loss on trade and other receivables	23	**(5,677)**	–
Impairment loss on prepayments and deposits	24	**(76)**	–
Finance costs	11	**(20,219)**	(1,852)
(Loss) profit before tax		**(43,907)**	7,116
Income tax expense	12	**–**	(7,843)
Loss for the year from continuing operations	13	**(43,907)**	(727)
Discontinued operation			
Profit for the year from discontinued operation	14	**–**	3,104
(Loss) profit for the year		**(43,907)**	2,377
Other comprehensive income (expense):			
Exchange differences on translation of foreign operations			
Exchange differences arising during the year		**1,483**	8,448
Reclassification adjustments relating to foreign operations disposed of during the year		**–**	(1,967)
		1,483	6,481
Total comprehensive (expense) income for the year		**(42,424)**	8,858
(Loss) profit for the year attributable to:			
Owners of the Company		**(43,817)**	2,506
Non-controlling interests		**(90)**	(129)
		(43,907)	2,377
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(42,337)**	8,970
Non-controlling interests		**(87)**	(112)
		(42,424)	8,858
		HK cents	HK cents
(Loss) earnings per share – basic and diluted			
From continuing and discontinued operation	18	**(14.61)**	0.84
From continuing operations		**(14.61)**	(0.20)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	19	**152,255**	169,167
Prepaid lease payments	20	**96,616**	98,011
Deposits for acquisition of leasehold land	21	**35,988**	35,689
		284,859	302,867
Current assets			
Inventories	22	**–**	1,732
Trade and other receivables	23	**25,542**	2,022
Prepaid lease payments	20	**2,217**	2,198
Prepayments and deposits	24	**3,388**	31,396
Pledged bank deposits	25	**44,902**	12,061
Bank balances and cash	25	**8,046**	35,077
		84,095	84,486
Current liabilities			
Trade payables	26	**91**	1,970
Other payables and accruals	26	**10,523**	41,948
Bills payables		**87,967**	74,337
Bank loans	27	**104,765**	61,132
Tax payables		**8,029**	7,963
		211,375	187,350
Net current liabilities		**(127,280)**	(102,864)
Total assets less current liabilities		**157,579**	200,003
Net assets		**157,579**	200,003

Consolidated Statement of Financial Position

At 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Capital and reserves			
Share capital	28	**1,499**	1,499
Reserves		**155,811**	198,148
Equity attributable to owners of the Company		**157,310**	199,647
Non-controlling interests		**269**	356
Total equity		**157,579**	200,003

The consolidated financial statements on pages 19 to 89 were approved and authorised for issue by the Board of Directors on 26 March 2013 and are signed on its behalf by:

Ma Xiaoling	**Chan Siu Mun**
Director	*Director*

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Attributable to owners of the Company						
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non–controlling interests HK$'000	Total HK$'000
At 1 January 2011	1,499	379,281	25,639	(215,742)	190,677	468	191,145
Exchange differences on translation of foreign operations	–	–	8,431	–	8,431	17	8,448
Reclassified adjustments relating to foreign operations disposed of during the year	–	–	(1,967)	–	(1,967)	–	(1,967)
Profit (loss) for the year	–	–	–	2,506	2,506	(129)	2,377
Profit (loss) for the year and total comprehensive income (expense) for the year	–	–	6,464	2,506	8,970	(112)	8,858
At 31 December 2011 and 1 January 2012	1,499	379,281	32,103	(213,236)	199,647	356	200,003
Exchange differences on translation of foreign operations	–	–	1,480	–	1,480	3	1,483
Loss for the year	–	–	–	(43,817)	(43,817)	(90)	(43,907)
Profit (loss) for the year and total comprehensive income (expense) for the year	–	–	1,480	(43,817)	(42,337)	(87)	(42,424)
At 31 December 2012	**1,499**	**379,281**	**33,583**	**(257,053)**	**157,310**	**269**	**157,579**

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
Operating activities			
(Loss) profit for the year		**(43,907)**	2,377
Adjustments for:			
Income tax expense		**–**	7,843
Finance costs		**20,219**	2,003
Interest income		**(1,652)**	(1,009)
Impairment loss on trade and other receivables		**5,677**	–
Impairment loss on prepayments and deposits		**76**	–
Amortisation and depreciation		**10,967**	13,123
Gain on disposal of port infrastructure project		**–**	(36,127)
Gain on disposal of subsidiaries		**–**	(3,937)
Gain on disposal of property, plant and equipment		**(1,225)**	–
Other payables waived		**–**	(361)
Operating cash flows before movements in working capital		**(9,845)**	(16,088)
Decrease (increase) in inventories		**1,747**	(1,652)
(Increase) decrease in trade and other receivables		**(29,192)**	915
Decrease (increase) in prepayments and deposits		**28,192**	(30,832)
(Decrease) increase in trade payables		**(1,895)**	1,970
Decrease in other payables and accruals		**(26,951)**	(14,923)
Increase in bills payables		**13,007**	74,337
Cash (used in) generated from operations		**(24,937)**	13,727
Interest paid		**(19,998)**	(4,587)
Net cash (used in) generated from operating activities		**(44,935)**	9,140
Investing activities			
Interest received		**1,652**	1,009
Purchase of property, plant and equipment		**(422)**	(10,972)
Proceeds from disposal of port infrastructure project		**–**	36,127
Proceeds from disposal of property, plant and equipment		**6,142**	–
Net cash outflow on disposal of subsidiaries		**–**	(567)
Increase in pledged bank deposit	33	**(32,841)**	(12,061)
Net cash (used in) generated from investing activities		**(25,469)**	13,536

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
Financing activities			
Proceeds from borrowings		293,182	110,971
Repayment of borrowings		(250,061)	(116,992)
Net cash generated from (used in) financing activities		43,121	(6,021)
Net (decrease) increase in cash and cash equivalents		(27,283)	16,655
Cash and cash equivalents at 1 January		35,077	18,344
Effects of foreign exchange rate changes		252	78
Cash and cash equivalents at 31 December		8,046	35,077
Analysis of the balances of cash and cash equivalents:			
Bank balances and cash		8,046	35,077

The accompanying notes are an integral part of these consolidated financial statements.

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

In the opinion of the directors, the Company's ultimate holding company is Keenlead Holdings Limited, a company incorporated in the British Virgin Islands.

The Group is principally engaged in investment holding, industrial property development and warehouse projects and trading of goods including fuels, metal materials and electronic parts.

The functional currency of the Company is Renminbi ("RMB"), the currency of the primary economic environment in which the principal subsidiaries of the Company operates. As the Company is a listed entity on the Stock Exchange, the financial statements are presented in Hong Kong dollars for the convenience of the readers.

2. BASIS OF PREPARATION

In preparing the consolidated financial statements, the directors of the Company have assessed the liquidity position and going concern of the Group in light of the fact that the Group had net current liabilities of approximately HK$127,280,000 as at 31 December 2012 and the Group incurred a loss of approximately HK$43,907,000 for the year ended 31 December 2012. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration of the following:

(i) The undrawn banking facilities of approximately HK$79,244,000 (equivalent to RMB64,275,000) in aggregate are available which are obtained before 31 December 2012, which comprised of:

(a) an undrawn banking facility of approximately HK$11,435,000 (equivalent to RMB9,275,000) from Jiangsu Taicang Rural Commercial Bank Co., Ltd. which is available until 20 June 2013; and

(b) an undrawn banking facility of approximately HK$6,164,000 (equivalent to RMB5,000,000) and HK$61,645,000 (equivalent to RMB50,000,000) from Shanghai Pudong Development Bank (the "SPD Bank") which is available until 16 January 2014 and 17 February 2014 respectively.

2. BASIS OF PREPARATION (Continued)

(ii) The ultimate holding company and substantial shareholder, Keenlead Holdings Limited, agreed to provide continuous financial support to the extent of HK$49,000,000 to the Group to meet its working capital requirements.

(iii) The Group intends to dispose of the properties situated at Units 501 and 508, Level 5, Block 2, Phase 1, Jinguanyuan, No. 16 Xinhua Lane, Xicheng District, Beijing, the PRC, with the carrying amounts included in the property, plant and equipment of HK$2,223,000 and prepaid lease payments of HK$13,795,000. At the end of the reporting period, the market value of the properties were approximately HK$21,150,000 as valued by an independent appraisal firm.

(iv) The Group is negotiating with the China Taicang Port Development Zone (the "TPDZ"), an organisation established under the People's Government of Jiangsu Province, for the disposal of a parcel of land located in Taicang City, Jiangsu Province, the PRC (the "Land"), together with a refund of deposit paid for acquiring another piece of land in Taicang, the PRC (the "Deposit") (collectively referred to the "Transaction"). Both the Land was acquired from and the Deposit was paid to TPDZ in previous years.

In the opinion of directors, the consideration of the Transaction will approximately be equal to the aggregate amount paid by the Group. As at 31 December 2012, even though there is no binding agreement in relation to the Transaction, the directors target to complete the Transaction within the next twelve months. The carrying value of the Land included in prepaid lease payments and the Deposit included in the deposits for acquisition of leasehold land were HK$55,431,000 and HK$35,988,000 respectively.

In view of the available banking facilities and the financial support to be provided by the ultimate holding company, and taking into account of the proceeds that would be received by the Group on completion of the Transaction, we believe that the Group will have adequate financial resources for its working capital requirement for the ensuing year, accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Asset
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets
Amendments to HKAS 1	As part of the Annual Improvements to HKFRSs 2009-2011 Cycles issued in 2012

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

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle except for the amendments HKAS 1[1]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised HKFRSs issued but not yet effective (Continued)

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

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 16 Property, Plant and Equipment and the amendments to HKAS 32 Financial Instruments: Presentation.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

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

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

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRS 9 Financial Instruments

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

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. The directors do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

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

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK (SIC)-Int 12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

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

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised standards on consolidation, joint arrangements, associates and disclosures (Continued)

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors do not anticipate that the application of these five standards will have a material effect on the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 13 Fair Value Measurement

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

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that the application of the amendments will have no material effect on amounts reported in these consolidated financial statements and disclosures set out in these consolidated financial statements.

HKAS 19 (as revised in 2011) Employee Benefits

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application. The directors anticipate that the application of the amendments will have no material effect on amounts reported in these consolidated financial statements and disclosures set out in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

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

The directors of the Company anticipate that the application of the new and revised standards and interpretations will have no material effect on amounts reported in these consolidated financial statements and disclosures set out in these consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interest in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Discontinued operation

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale has been met or it has been disposed of. An item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such a component represents a major line of business or geographical area of operation. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is presented as if the operation had been discontinued from the start of the comparative period.

Revenue recognition

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

Warehouse storage income is recognised when the storage services are rendered.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes and warehouse held for supply of storage services, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

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

Leasehold land held for owner-occupied purpose and leasehold land upon which the warehouse is situated

The leasehold land component classified as an operating lease is presented as prepaid lease payment in the statement of financial position and is amortised on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Impairment losses on tangible assets other than goodwill

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on tangible assets other than goodwill (Continued)

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

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

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

Leasehold land for own use

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

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

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Taxation

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

Current tax

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

Deferred tax

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax (Continued)

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

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

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

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

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Retirement benefit costs

Payments to the Group's defined contribution retirement benefit plans, including the Mandatory Provident Fund Scheme (the "MPF Scheme") and state-managed retirement benefit scheme are charged as an expense when employees have rendered service entitling them to the contributions.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

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

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

Financial instruments

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

The Group's financial assets are mainly classified into financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, prepayments and deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy on impairment loss on financial assets below).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial assets** (Continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale equity investments do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

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

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for financial asset because of financial difficulties.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial assets** (Continued)*

Impairment of financial assets (Continued)

Impairment losses on available-for-sale equity investments previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Other financial liabilities

Other financial liabilities include trade payables, other payables and accruals, bills payables, and bank loans are subsequently measured at amortised cost, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial liabilities and equity instruments** (Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

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

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

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition (Continued)

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

Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification for warehouse for provision of storage services

The Group determines whether the warehouse in the PRC should be classified as property, plant and equipment or an investment property. The warehouse is used to generate warehouse storage income that comprises warehouse rentals and income from the supply of warehouse logistics services. In making its judgement, the directors of the Company considered that income and cash flows from warehouse rentals and warehouse logistics services are interdependent and cannot be separated. In addition, the directors of the Company determined that the provision of warehouse logistics services is significant to the warehouse storage operation as a whole. For these reasons, the directors of the Company considered that the warehouse is classified as property, plant and equipment in accordance with HKAS 16 Property, Plant and Equipment.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation and amortisation

The Group depreciates the property, plant and equipment over their estimated useful life and after taking into account of their estimated residual values, using the straight line method. The estimated useful life reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the directors' estimated amount that the Group would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Impairment loss on property, plant and equipment and prepaid lease payments

Property, plant and equipment mainly represented warehouse. Property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the fair value of the property, plant and equipment less costs to sell or the value-in-use calculations. An impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. Where the recoverable amount is less than expected, a material impairment loss may arise.

The recoverable amount of warehouse has been determined based on a valuation carried out by an independent qualified professional valuer not connected with the Group, using the depreciated replacement cost approach. Besides, the directors of the Company also determined the recoverable amount of warehouse with the estimation of future expected cash flows from the warehouse and a suitable discount rate. The carrying amount of property, plant and equipment is HK$152,255,000 (2011: HK$169,167,000). The carrying amount of warehouse is HK$149,362,000 (2011: HK$165,689,000).

Prepaid lease payments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the fair value of the prepaid lease payments less costs to sell or the future expected cash flows. An impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. Where the recoverable amount is less than expected, a material impairment loss may arise.

The recoverable amount of prepaid lease payments have been determined based on a valuation carried out by independent qualified professional valuers not connected with the Group, using comparable market price of similar prepaid lease payments on an open market value with the assumptions that the prepaid lease payments are sold in the market in its existing state. The carrying amount of prepaid lease payments is HK$98,833,000 (2011: HK$100,209,000).

The directors performed impairment assessment of the Group's property, plant and equipment and prepaid lease payments for the years ended 31 December 2012 and 2011, no impairment loss has been recognised for property, plant and equipment and prepaid lease payments.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Impairment loss recognised in respect of trade receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customers' current credit-worthiness, as determined by review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. As at 31 December 2012, the carrying amount of trade receivables was approximately HK$1,505,000 (2011: HK$989,000) (net of accumulated impairment loss of approximately HK$1,330,000 (2011: HK$989,000)).

Impairment loss recognised in respect of other receivables, and prepayments and deposits

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2012, the carrying amounts of other receivables, and prepayments and deposits are approximately HK$29,726,000 (2011: HK$1,033,000) and HK$3,464,000 (2011: HK$31,396,000) respectively (net of accumulated impairment loss of other receivables, and prepayments and deposits of approximately HK$24,212,000 (2011: HK$1,033,000) and HK$3,388,000 (2011: HK$31,396,000) respectively).

Deposits for acquisition of leasehold land

As mentioned in note 21, the amount represented deposits paid for acquiring land use rights on a piece of land located in Taicang, the PRC, for the use of industrial development project of the Group. Due to certain environmental issues, the land use rights acquired will not be able to serve the proposed usage of the land. The management is negotiating with the TPDZ for a mutually satisfactory solution to both the parties. Based on the negotiation, the directors are of the opinion that the Group would not suffer any loss on the deposit made.

6. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

During the year ended 31 December 2012, the Group's strategy remained unchanged. The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by equity attributable to owners of the Company.

The management considers the gearing ratio at the year end date is as follows:

	2012 **HK$'000**	2011 HK$'000
Total borrowings	**192,732**	135,469
Equity attributable to owners of the Company	**157,310**	199,647
Debt to equity ratio	**123%**	68%

The increase in gearing ratio during the year was mainly due to the bills payables and bank loans increase to HK$87,967,000 and HK$104,765,000 respectively.

7. FINANCIAL INSTRUMENTS

7a. Categories of financial instruments

	2012 **HK$'000**	2011 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**81,878**	80,556
Financial liabilities		
Other financial liabilities at amortised cost	**203,346**	179,387

7. FINANCIAL INSTRUMENTS (Continued)

7b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, prepayments and deposits, trade and other payables and accruals, bills payables, pledged bank deposits, bank balances and cash and bank loans. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

There are no significant amounts of the Group's foreign currency denominated monetary assets and monetary liabilities other than functional currency of the relevant group entity. Management of the Group are of the opinion that the Group's exposure to foreign currency risk is minimal. Accordingly, no foreign currency risk sensitivity analysis is presented.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank loans (see note 27 for details) as at 31 December 2012 and 2011.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances as at December 2012 and 2011 (see note 25 for details). The Group currently does not use any derivative contracts to hedge its exposure to fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point (2011: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2011: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2012 would increase/decrease by HK$518,000 (2011: post-tax profit decrease/increase by HK$140,000). This is mainly attributable to the Group's exposure to interest rates on its fixed-rate bank loans.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in its fixed-rate bank loans.

7. FINANCIAL INSTRUMENTS (Continued)

7b. Financial risk management objectives and policies (Continued)

Credit risk

As at 31 December 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank loans.

The Group has net current liabilities as at 31 December 2012, which exposed the Group to liquidity risk. In order to mitigate the liquidity risk, the management regularly monitors the operating cash flows of the Group to meet its liquidity requirement in the short and long term.

The Group relies on bank loans as a significant source of liquidity. Details of which are set out in note 27. As at 31 December 2012, the Group has available unutilised bank facilities of approximately HK$79,244,000 (2011: HK$114,684,000).

7. FINANCIAL INSTRUMENTS (Continued)

7b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity table

	Weighted average effective interest rate	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	More than 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2012 HK$'000
2012							
Non-derivative financial liabilities							
Trade payables	–	91	–	–	–	91	91
Other payables and accruals	–	10,523	–	–	–	10,523	10,523
Bills payables	–	31,192	56,775	–	–	87,967	87,967
Bank loans –							
fixed rate	8.20%	–	758	37,745	–	38,503	36,987
fixed rate	7.56%	7,103	–	–	–	7,103	7,058
fixed rate	6.90%	18,600	–	–	–	18,600	18,493
fixed rate	6.60%	–	290	17,859	–	18,149	17,569
fixed rate	6.00%	24,781	–	–	–	24,781	24,658
		92,290	57,823	55,604	–	205,717	203,346

7. FINANCIAL INSTRUMENTS (Continued)

7b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity table (Continued)

	Weighted average effective interest rate	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	More than 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2011 HK$'000
2011							
Non-derivative financial liabilities							
Trade payables	–	1,970	–	–	–	1,970	1,970
Other payables and accruals	–	41,948	–	–	–	41,948	41,948
Bills payables	–	–	74,337	–	–	74,337	74,337
Bank loans –							
fixed rate	8.20%	–	–	25,499	–	25,499	24,453
fixed rate	7.93%	–	–	12,731	–	12,731	12,226
fixed rate	6.06%	–	24,829	–	–	24,829	24,453
		43,918	99,166	38,230	–	181,314	179,387

7c. Fair value

Financial instruments carried at fair value

The carrying value of financial instruments measured at fair value at 31 December 2012 across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirely based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

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

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

- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

7. FINANCIAL INSTRUMENTS (Continued)

7c. Fair value (Continued)

Financial instruments carried at fair value (Continued)

At 31 December 2012, the Group did not have any financial instruments based on the Level 1 for the fair value hierarchy.

During the year ended 31 December 2012, there were no transfers between financial instruments in Level 1 and 2.

Fair values of financial instruments carried at other than fair value

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

- The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted active bid prices and ask prices respectively; and
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transaction as input.

For the year ended 31 December 2012, the fully impaired available-for-sale investment was written off. The Group did not have any financial instruments with fair value calculated based on Level 3 of the fair value hierarchy at the end of the reporting period.

For the year ended 31 December 2011, the Group had an available-for-sale investment calculated based on Level 3 of the fair value hierarchy. The investment was fully impaired in 2007 since the Group has lost contact with the investee.

8. REVENUE

Revenue represents revenue arising on sales of goods and warehouse storage income. An analysis of the Group's revenue for the year is as follows:

	2012 HK$'000	2011 HK$'000
Continuing operations		
Sales of goods	**108,667**	176,107
Warehouse storage income	**9,670**	8,080
	118,337	184,187

9. SEGMENT INFORMATION

Business Segments

The Group's operations are organised into industrial property development business and general trading. Information reported to the chief operating decision maker ("CODM") for the purpose of resources allocation and assessment of segment performance is prepared on such basis. The Group's reportable and operating segments comprise industrial property development and general trading.

– Industrial property development segment represented the operation of warehouse in Taicang, the PRC and also the development of industrial property.

– General trading segment included trading of fuels, metal materials and electronic parts. Currently, the Group's general trading activities are carried out in the PRC.

For the year ended 31 December 2011, there was a change of business plan regarding the fertilizers and chemicals segment. The Group disposed of its entire 51% equity interest in Lucky Green Limited and its subsidiary ("Lucky Green"). Lucky Green is principally engaged in the production and sales of fertilizers and chemical (see note 14).

9. SEGMENT INFORMATION (Continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations and discontinued operation by reportable segments:

For the year ended 31 December 2012

	Continuing Operations			Discontinued Operation	
	Industrial property development HK$'000	General trading HK$'000	Subtotal HK$'000	Fertilizers and chemicals HK$'000	Total HK$'000
SEGMENT REVENUE	9,670	108,667	118,337	–	118,337
SEGMENT RESULTS	(13,691)	(22,595)	(36,286)	–	(36,286)
Unallocated corporate income			4	–	4
Unallocated corporate expenses			(7,625)	–	(7,625)
Loss before tax			(43,907)	–	(43,907)
Income tax			–	–	–
Loss for the year			(43,907)	–	(43,907)

9. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended 31 December 2011

	Continuing Operations			Discontinued Operation	
	Industrial property development HK$'000	General trading HK$'000	Subtotal HK$'000	Fertilizers and chemicals HK$'000	Total HK$'000
SEGMENT REVENUE	8,080	176,107	184,187	907	185,094
SEGMENT RESULTS	17,211	(815)	16,396	(682)	15,714
Gain on disposal of subsidiaries			–	3,937	3,937
Unallocated corporate expenses			(9,280)	–	(9,280)
Interest expenses paid to a minority shareholder of subsidiaries			–	(151)	(151)
Profit before tax			7,116	3,104	10,220
Income tax			(7,843)	–	(7,843)
(Loss) profit for the year			(727)	3,104	2,377

All of the segment revenue reported above is from external customers.

Segment result represents the post-tax profit or loss of the subsidiaries engaged in respective segment activities without allocation of some sundry income and central administrative costs which are not earned by or received by those subsidiaries. This is the measure reported to the Group's chief executive officer for the purposes of resources allocation and assessment of segment performance.

9. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

At 31 December 2012

	Continuing Operations			Discontinued Operation	
	Industrial property development HK$'000	General trading HK$'000	Subtotal HK$'000	Fertilizers and chemicals HK$'000	Total HK$'000
ASSETS					
Segment assets	300,122	61,726	361,848	–	361,848
Unallocated bank balances and cash					6,167
Unallocated property, plant and equipment					314
Unallocated other receivables, prepayments and deposits					625
Consolidated total assets					368,954
LIABILITIES					
Segment liabilities	59,526	151,244	210,770	–	210,770
Unallocated other payables					605
Consolidated total liabilities					211,375

9. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 December 2011

	Continuing Operations			Discontinued Operation	
	Industrial property development HK$'000	General trading HK$'000	Subtotal HK$'000	Fertilizers and chemicals HK$'000	Total HK$'000
ASSETS					
Segment assets	321,469	51,097	372,566	–	372,566
Unallocated bank balances and cash					14,274
Unallocated property, plant and equipment					139
Unallocated other receivables, prepayments and deposits					374
Consolidated total assets					387,353
LIABILITIES					
Segment liabilities	69,916	116,775	186,691	–	186,691
Unallocated other payables					659
Consolidated total liabilities					187,350

9. SEGMENT INFORMATION (Continued)

Other information

For the year ended 31 December 2012

	Continuing Operations		Discontinued Operation		
	Industrial property development HK$'000	General trading HK$'000	Fertilizers and chemicals HK$'000	Unallocated HK$'000	Consolidated HK$'000
Information included in segment results/ segment assets:					
Capital additions	63	–	–	359	422
Amortisation and depreciation	10,784	–	–	183	10,967
Finance costs	3,492	16,727	–	–	20,219
Impairment loss on trade and other receivables	3,691	1,986	–	–	5,677
Impairment loss on prepayments and deposits	–	76	–	–	76
Interest income	(698)	(954)	–	–	(1,652)
Gain on disposal of property, plant and equipment	(1,225)	–	–	–	(1,225)
Refund of projects development costs	(2,879)	–	–	–	(2,879)

For the year ended 31 December 2011

	Continuing Operations		Discontinued Operation		
	Industrial property development HK$'000	General trading HK$'000	Fertilizers and chemicals HK$'000	Unallocated HK$'000	Consolidated HK$'000
Information included in segment results/ segment assets:					
Capital additions	13,695	–	–	12	13,707
Amortisation and depreciation	12,628	–	318	177	13,123
Finance costs	279	1,573	151	–	2,003
Written off of projects development costs (including in administrative and other operating expenses)	331	–	–	–	331
Interest income	(8)	(1,001)	–	–	(1,009)

9. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC").

The Group's revenue from continuing operations from external customers based on the locations of operations and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	31.12.2012 HK$'000	31.12.2011 HK$'000	**31.12.2012 HK$'000**	31.12.2011 HK$'000
Hong Kong	**–**	–	**314**	138
PRC	**118,337**	184,187	**284,545**	302,729
	118,337	184,187	**284,859**	302,867

Information about major customers

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

	31.12.2012 HK$'000	31.12.2011 HK$'000
Customer A[1]	**32,721**	149,693
Customer B[1]	**62,199**	N/A[2]

1 Revenue from sale of goods.
2 The corresponding revenue did not contribute over 10% of the total sales of the Group.

10. OTHER INCOME

	2012 HK$'000	2011 HK$'000
Continuing operations		
Bank interest income	1,652	1,009
Exchange gain	–	375
Gain on disposal of port infrastructure project	–	36,127
Gain on disposal of property, plant and equipment	1,225	–
Other payables waived	–	361
Sundry income	4	131
Refund of projects development costs	2,879	–
	5,760	38,003

11. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Continuing operations		
Interest on bank loans and other borrowings wholly repayable within five years	20,219	1,852

12. INCOME TAX EXPENSE

	2012 HK$'000	2011 HK$'000
Continuing operations		
Current tax:		
Hong Kong	–	–
PRC Enterprise Income Tax	–	7,843
	–	7,843
Under (over) provision in prior year	–	–
Deferred tax	–	–
Total income tax recognised in profit and loss	–	7,843

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the subsidiaries operating in Hong Kong incurred tax losses for both years.

With effect from 1 January 2008, the tax rate was unified for both domestic and foreign investment enterprises at the rate of 25%.

12. INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to the (loss) profit before tax from continuing operations per the consolidated statement of comprehensive income as follows:

	2012 HK$'000	2011 HK$'000
(Loss) profit before tax from continuing operations	**(43,907)**	7,116
Tax (credit) charge at domestic tax rate of 25% (2011: 25%)	**(10,976)**	1,779
Tax effect of expenses not deductible for tax purpose	**2,802**	3,449
Tax effect of income not taxable for tax purpose	**(1,662)**	(1,175)
Tax effect of tax losses not recognised as deferred tax asset	**9,188**	2,602
Effect of different tax rates of subsidiaries operating in other jurisdictions	**648**	1,188
Income tax expense for the year	**–**	7,843

At the end of reporting period, the Group has unused tax losses subject to the agreement of tax authorities of HK$187,019,000 (2011: HK$159,657,000), available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unutilised tax losses of HK$77,383,000 (2011: HK$68,366,000) can be carried forward for a period of five years. Other unrecognised tax losses may be carried forward indefinitely.

13. LOSS FOR THE YEAR

	2012 HK$'000	2011 HK$'000
Continuing operations		
Loss for the year has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	2,212	2,165
Depreciation on property, plant and equipment	8,755	10,640
	10,967	12,805
Auditor's remuneration		
– audit services	500	500
– other services	100	170
Written off of projects development costs	–	331
Staff costs including directors' emoluments	7,548	9,753
Impairment loss on trade and other receivables	5,677	–
Impairment loss on prepayments and deposits	76	–
Cost of inventories recognised as an expenses	108,788	175,481
Gain on disposal of property, plant and equipment	(1,225)	–
Refund of projects development costs	(2,879)	–

14. DISCONTINUED OPERATION

On 1 June 2011, the Company entered into a sale agreement with Greennice Group Limited, a third party to the Group, to dispose of its entire 51% equity interest in Lucky Green, which is principally engaged in the production and sale of fertilizers and chemicals in Zhuhai, the PRC, for a cash consideration of HK$300,000. The disposal was completed on 9 June 2011, on which date the Group lost control of Lucky Green. Since then Lucky Green ceased to be a subsidiary of the Group and the Group's production and sale of fertilizers and chemicals operation is treated as a discontinued operation.

The results of the Group's production and sales of fertilizers and chemicals operation included in the consolidated statement of comprehensive income and consolidated statement of cash flows are set out below.

14. DISCONTINUED OPERATION (Continued)

	2012 HK$'000	2011 HK$'000
Profit for the year from discontinued operation		
Revenue	–	907
Cost of sales	–	(877)
Selling and distribution costs	–	(214)
Administrative expenses	–	(498)
Finance costs – interest expenses paid to a minority shareholder of subsidiaries	–	(151)
Loss for the year	–	(833)
Gain on disposal of subsidiaries (note 34)	–	3,937
Profit for the year from discontinued operation (attributable to owners of the Company)	–	3,104

Profit for the year from discontinued operation was arrived at after charging the following items:

	2012 HK$'000	2011 HK$'000
Depreciation of property, plant and equipment	–	318
Cost of inventories recognised as an expense	–	191
Staff costs including directors' emoluments	–	470

	2012 HK$'000	2011 HK$'000
Cash flows from discontinued operation		
Net cash outflows from operating activities	–	(341)
Net cash outflows from investing activities	–	–
Net cash outflows from financing activities	–	–
Net cash outflows	–	(341)

15. DIVIDEND

The Directors do not recommend the payment of a dividend for the years ended 31 December 2012 and 2011.

16. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 6 (2011: 6) directors were as follows:

	Ma Xiaoling HK$'000	Chan Siu Mun HK$'000	Chan Sze Hon HK$'000	Ching Men Ky, Carl HK$'000	Lin Ruei Min HK$'000	Shu Wa Tung, Laurence HK$'000	2012 HK$'000
Fees	–	–	240	240	240	240	960
Other emoluments							
Salaries and other benefits	1,707	960	–	–	–	–	2,667
Contribution to retirement benefits schemes	–	14	–	–	–	–	14
Total emoluments	1,707	974	240	240	240	240	3,641

	Ma Xiaoling HK$'000	Chan Siu Mun HK$'000	Chan Sze Hon HK$'000	Ching Men Ky, Carl HK$'000	Lin Ruei Min HK$'000	Shu Wa Tung, Laurence HK$'000	2011 HK$'000
Fees	–	–	240	240	240	240	960
Other emoluments							
Salaries and other benefits	2,086	1,200	–	–	–	–	3,286
Contribution to retirement benefits schemes	–	12	–	–	–	–	12
Total emoluments	2,086	1,212	240	240	240	240	4,258

No director waived any emoluments in the years ended 31 December 2012 and 2011.

17. EMPLOYEES' EMOLUMENTS

Two (2011: two) of the five individuals with the highest emoluments in the Group are directors of the Company whose emoluments are included in disclosures in note 16 above. The aggregate emoluments of the remaining three (2011: three) are as follows:

	2012 HK$'000	2011 HK$'000
Salaries and other benefits	**1,196**	1,429
Contributions to retirement benefit scheme	**14**	12
	1,210	1,441

Their emoluments were within the following bands:

	2012 No. of employees	2011 No. of employees
HK$ nil to HK$1,000,000	**3**	3

18. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	2012 HK$'000	2011 HK$'000
(Loss) earnings		
(Loss) profit for the year attributable to owners of the Company for the purpose of basic (loss) earnings per share	**(43,817)**	2,506
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic (loss) earnings per share	**299,847**	299,847

18. (LOSS) EARNINGS PER SHARE (Continued)

From continuing operations

The calculation of basic (loss) earnings per share from continuing operations is based on the following data:

	2012 HK$'000	2011 HK$'000
(Loss) profit for the year attributable to owners of the Company	(43,817)	2,506
Less: profit for the year from discontinued operation	–	3,104
Loss for the purpose of basic loss per share from continuing operations	(43,817)	(598)

The denominators used are the same as those detailed above for basic (loss) earnings per share.

From discontinued operation

There is no (loss) earnings per share for the discontinued operation for the year ended 31 December 2012.

Basic earnings per share from discontinued operation for the year ended 31 December 2011 was HK1.04 cents per share, based on the profit for the year from the discontinued operation of HK$3,104,000 and the denominators detailed above for basic loss per share.

The amounts of diluted (loss) earnings per share are the same as basic (loss) earnings per share because the Company has no potential ordinary shares outstanding for both years.

19. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Warehouse HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 January 2011	11,785	158,713	2,077	3,414	6,312	182,301
Exchange realignment	213	6,437	24	83	250	7,007
Additions	–	13,600	–	107	–	13,707
Derecognised on disposal of subsidiaries	(9,217)	–	(2,101)	(274)	(552)	(12,144)
At 31 December 2011 and 1 January 2012	2,781	178,750	–	3,330	6,010	190,871
Exchange realignment	23	1,475	–	18	53	1,569
Additions	–	–	–	422	–	422
Disposals	–	(11,183)	–	(216)	(716)	(12,115)
At 31 December 2012	**2,804**	**169,042**	**–**	**3,554**	**5,347**	**180,747**
DEPRECIATION AND IMPAIRMENT						
At 1 January 2011	4,022	3,968	1,399	2,376	4,619	16,384
Exchange realignment	57	290	17	58	204	626
Provided for the year	420	8,803	82	572	1,081	10,958
Eliminated on disposal of subsidiaries	(4,046)	–	(1,498)	(290)	(430)	(6,264)
At 31 December 2011 and 1 January 2012	453	13,061	–	2,716	5,474	21,704
Exchange realignment	4	123	–	14	49	190
Provided for the year	124	7,768	–	474	389	8,755
Eliminated on disposals	–	(1,272)	–	(205)	(680)	(2,157)
At 31 December 2012	**581**	**19,680**	**–**	**2,999**	**5,232**	**28,492**
CARRYING VALUES						
At 31 December 2012	**2,223**	**149,362**	**–**	**555**	**115**	**152,255**
At 31 December 2011	2,328	165,689	–	614	536	169,167

19. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings and warehouse	Over the shorter of remaining unexpired terms of the leases and 5%
Plant and machinery	10%-20%
Furniture, fixtures and equipment	10%-33%
Motor vehicles	20%-25%

The buildings and warehouse are situated on land in the PRC held under a medium-term to long-term land use right.

20. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments are charged to the profit or loss in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

	2012 HK$'000	2011 HK$'000
Cost		
At 1 January	109,241	108,894
Exchange realignment	916	4,170
Derecognised on disposal of subsidiaries	–	(3,823)
At 31 December	110,157	109,241
Accumulated amortisation		
At 1 January	9,032	6,751
Exchange realignment	80	294
Amortisation for the year	2,212	2,165
Eliminated on disposal of subsidiaries	–	(178)
At 31 December	11,324	9,032
Carrying values		
At 31 December	98,833	100,209
Analysed for reporting purposes as:		
Current assets	2,217	2,198
Non-current assets	96,616	98,011
	98,833	100,209

20. PREPAID LEASE PAYMENTS (Continued)

The Group's prepaid lease payments comprise:

	2012 HK$'000	2011 HK$'000
Land in the PRC		
Long lease	**13,795**	13,907
Medium lease	**85,038**	86,302
Short lease	**–**	–
	98,833	100,209

In the opinion of the directors, the Group intends to dispose the long lease with carrying value amounted to HK$13,795,000 (2011: HK$Nil) and dispose the Land which consists of medium lease with carrying value amounted to HK$55,431,000 (2011: HK$56,168,000).

21. DEPOSITS FOR ACQUISITION OF LEASEHOLD LAND

At 31 December 2012 and 2011, the amount represented deposits paid for acquiring the land use rights in Taicang, the PRC, in the sum of HK$35,988,000 (2011: HK$35,689,000) (equivalent to RMB29,190,000 in both years) for industrial development project of the Group. Due to certain environmental issues, the land use rights acquired will not be able to serve the proposed usage of the land. In the opinion of the directors, the management is negotiating with the TPDZ in relation to the refund of deposit. Based on the negotiation, the directors are of the opinion that the Group would not suffer any loss on the deposit made.

22. INVENTORIES

	2012 HK$'000	2011 HK$'000
Finished goods	–	1,732

None of the inventories of the Group carried at net realisable value at the end of the reporting period.

23. TRADE AND OTHER RECEIVABLES

	2012 HK$'000	2011 HK$'000
Trade receivables	1,505	989
Less: impairment loss recognised	(175)	–
	1,330	989
Other receivables (Note a)	29,726	1,033
Less: impairment loss recognised	(5,514)	–
	24,212	1,033
Total trade and other receivables	25,542	2,022

Note:

(a) As at 31 December 2012, the net of accumulated impairment loss of other receivables mainly consist of the refund on purchase of inventory paid, refund on cost of construction of warehouse and refund on the projects development cost of approximately HK$13,845,000, HK$6,155,000 and HK$2,885,000 respectively.

23. TRADE AND OTHER RECEIVABLES (Continued)

The Group allows an average credit period of 90 days to its trade customers. The following is an aged analysis of trade receivables net of impairment loss presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates.

	2012 HK$'000	2011 HK$'000
0-30 days	597	989
31-60 days	372	–
61-90 days	361	–
Over 90 days	–	–
	1,330	989

Before accepting any new customer, the Group has assessed the credit quality of each potential customer. In addition, the Group has reviewed repayment history of receivables by each customer with reference to the payment terms stated in contracts to determine the recoverability of a trade receivable.

The movements in impairment loss of trade receivables are as follows:

	2012 HK$'000	2011 HK$'000
Balance at beginning of the year	–	–
Recognised during the year	174	–
Exchange realignment	1	–
Balance at end of the year	175	–

23. TRADE AND OTHER RECEIVABLES (Continued)

The movements in impairment loss of other receivables are as follows:

	2012 HK$'000	2011 HK$'000
Balance at beginning of the year	–	–
Recognised during the year	5,503	–
Exchange realignment	11	–
Balance at end of the year	5,514	–

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

24. PREPAYMENTS AND DEPOSITS

	2012 HK$'000	2011 HK$'000
Prepayments (Note a)	2,883	30,762
Less: impairment loss recognised	(76)	–
	2,807	30,762
Rental and utilities deposits	581	620
Others	–	14
Total prepayments and deposits	3,388	31,396

Note:

(a) Included in the net of accumulated impairment loss of prepayments are the amount of HK$Nil (2011: HK$24,927,000) for the purchase of inventory paid to a long term supplier of the Group. The remaining balance of HK$2,807,000 (2011: HK$5,835,000) is the prepayments for the purchase of inventory paid to independent third parties and prepayments for administrative expenses.

24. PREPAYMENTS AND DEPOSITS (Continued)

The movements in impairment loss of prepayments and deposits are as follows:

	2012 HK$'000	2011 HK$'000
Balance at beginning of the year	–	–
Recognised during the year	76	–
Balance at end of the year	76	–

The directors consider that the carrying amount of prepayments and deposits approximates their fair value.

25. BANK BALANCES/PLEDGED BANK DEPOSITS

Bank balances/pledged bank deposits

Bank balances carry interest at market rates which range from nil to 0.50% (31 December 2011: nil to 0.50%) per annum. The pledged bank deposits carry fixed interest rate of 3.05% to 3.3% (31 December 2011: 2.8%) per annum. The pledged bank deposits will be released upon the settlement of relevant bank loans and bills payables.

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$44,902,000 (31 December 2011: HK$12,061,000) have been pledged to secure short-term bank loans and bills payables and are therefore classified as current assets.

26. TRADE AND OTHER PAYABLES AND ACCRUALS

	2012 HK$'000	2011 HK$'000
Trade payables	**91**	1,970
Accrued expenses	**2,165**	1,875
Deposits received	**6,904**	16,015
Other payables	**1,454**	24,058
Total other payables and accruals	**10,523**	41,948
Total trade and other payables and accruals	**10,614**	43,918

The following is an analysis of trade payables by age based on the invoice date at the end of the reporting period:

	2012 HK$'000	2011 HK$'000
0 – 30 days	**–**	–
31 – 60 days	**–**	–
61 – 90 days	**–**	–
Over 90 days	**91**	1,970
	91	1,970

The average credit period on purchases of certain goods is 3 months.

27. BANK LOANS

	2012 HK$'000	2011 HK$'000
Bank loans – secured and repayable within one year	**104,765**	61,132

The effective interest rate on the Group's fixed-rate bank loans for the year ended 31 December 2012 was 6.00% to 8.20% per annum.

The effective interest rate on the Group's fixed-rate bank loans for the year ended 31 December 2011 was 6.06% to 8.20% per annum.

The secured bank loans are secured by:

(a) Prepaid lease payments with the aggregate carrying amount of HK$85,038,000 (2011: HK$86,302,000);

(b) Warehouse with the aggregate carrying amount of HK$149,362,000 (2011: HK$165,689,000); and

(c) Bank deposits amounted to HK$18,493,000 (2011: HK$Nil).

28. SHARE CAPITAL

	Number of shares '000	Nominal amount HK$'000
Authorised:		
Ordinary shares of HK$0.005 each at 1 January 2011, 31 December 2011 and 31 December 2012	421,978,000	2,109,890
Preference shares of HK$0.005 each at 1 January 2011, 31 December 2011 and 31 December 2012	22,000	110
Issued and fully paid:		
Ordinary shares of HK$0.005 each at 1 January 2011, 31 December 2011 and 31 December 2012	299,847	1,499

29. SHARE OPTION SCHEME

2002 Share Option Scheme

The Company's old share option scheme (the "2002 Share Option Scheme") was adopted pursuant to an ordinary resolution passed at a special general meeting of shareholders held on 22 April 2002 and has terminated by a resolution passed at an annual general meeting held on 20 June 2011.

The Company has, in accordance with Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), adopted a new share option scheme (the "2011 Share Option Scheme"), as approved by the shareholders of the Company at the annual general meeting held on 20 June 2011. The details of the 2011 Share Option Scheme as pursuant to the Listing Rules, are set out in the Company's circular dated 21 April 2011.

During the year ended 31 December 2011, there are no option was granted since adoption under the terminated 2002 share option scheme.

2011 Share Option Scheme

The Company adopted a 2011 Share Option Scheme, which will expire on 19 June 2021, for the purpose of providing incentives or reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high caliber employees and attract human resources that are valuable to the Group and any invested entity. Under the 2011 Share Option Scheme, the directors of the Company may grant options to any employees (including any executive directors), non-executive director, supplier of goods or services and customers of the Group; and any person or entity that provides research, development or other technological support to the Group.

An option may be accepted by a participant within 28 days from the date of the offer of grant of the option by payment from the participant and receipt by the Company of HK$1.00 prior to or on the last date of said 28 day period. An option may be exercised in accordance with the terms of the 2011 Share Option Scheme at any time during a period to be determined and notified by the Board to each grantee, save that such period shall end in any event not later than ten years from the date of grant of the option and subject to the provisions for early termination thereof.

The subscription price for shares under the 2011 Share Option Scheme will be a price to be determined by the Board, but may not be less than the highest of (i) the closing price of the shares as stated on the Stock Exchange's daily quotation sheet on the date of grant of the particular option; (ii) the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the date of the grant of the particular option; or (iii) the nominal value of a share.

29. SHARE OPTION SCHEME (Continued)

2011 Share Option Scheme (Continued)

The total number of shares which may be issued upon exercise of all options to be granted under the 2011 Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the total number of shares in issue as at the adoption date. Besides, the maximum number of shares which may be issued upon exercise of all outstanding options granted under the 2011 Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 30% of the total number of shares in issue from time to time. The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2011 Share Option Scheme and any other share option scheme of the Group to each participant in any 12-month period shall not exceed 1% of the total number of shares in issue for the time being.

At the end of the reporting period, no share option has been granted under the 2011 Share Option Scheme since its adoption.

30. OPERATING LEASES

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The Group as lessee

	2012 HK$'000	2011 HK$'000
Minimum lease payments under operating leases in respect of office properties	1,116	1,298

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

	2012 HK$'000	2011 HK$'000
Within one year	771	490
In the second to fifth year inclusive	903	188
	1,674	678

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of two-year.

30. OPERATING LEASES (Continued)

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum payments for storage facilities.

	2012 HK$'000	2011 HK$'000
Within one year	12,655	–
In the second to fifth year inclusive	31,727	–
	44,382	–

Warehouse storage income earned during the year was HK$9,670,000 (2011: HK$8,080,000).

31. CAPITAL COMMITMENTS

	2012 HK$'000	2011 HK$'000
Commitments in respect of the acquisition and construction of property, plant and equipment contracted but not provided for	2,813	63,555

The balance represented the commitment for the industrial development project which has been temporarily suspended.

32. RETIREMENT BENEFITS SCHEMES

The Group is required to participate in a defined contribution scheme, the MPF Scheme, in respect of its employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Both the Group and its employees contribute 5% of the relevant payroll costs to the MPF Scheme. The maximum contribution for each employee is limited to HK$15,000 (2011: HK$12,000) per annum.

The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiary is required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions. Contributions to the retirement benefit schemes for the year amounted to HK$275,000 (2011: HK$301,000).

33. PLEDGE OF ASSETS

At the end of the reporting period, the Group's banking facilities amounted to HK$184,009,000 (2011: HK$175,816,000) and utilised banking facilities with an amount of HK$104,765,000 (2011: HK$61,132,000).

The following assets were pledged to secure the banking facilities granted to the Group:

	2012 **HK$'000**	2011 HK$'000
Property, plant and equipment	**149,362**	165,689
Prepaid lease payments	**85,038**	86,302
Bank deposits	**44,902**	12,061
	279,302	264,052

34. DISPOSAL OF SUBSIDIARIES

On 9 June 2011 the Group disposed of its entire interests in Lucky Green.

The net liabilities of Lucky Green and its subsidiaries at the date of disposal were as follows:

	2011 HK$'000
Net liabilities disposed of:	
Property, plant and equipment	5,880
Prepaid lease payments	3,645
Inventories	600
Trade and other receivables	420
Bank balances and cash	867
Other payables and accruals	(2,336)
Translation reserve released	(1,967)
Amounts due to a minority shareholder of subsidiaries	(10,746)
	(3,637)
Gain on disposal of subsidiaries	3,937
Total consideration	300
Satisfied by:	
Cash	300
Net cash outflow arising on disposal:	
Total cash consideration received	300
Bank balances and cash disposed of	(867)
	(567)

35. RELATED PARTIES TRANSACTIONS

Compensation of key management personnel

The remuneration of directors and other members of key management during the year is HK$4,851,000 (2011: HK$5,699,000) disclosed in notes 16 and 17.

36. SUBSIDIARIES

Name	Place of incorporation and operation	Issued and fully paid ordinary share capital/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
			2012		2011		
			Directly	Indirectly	Directly	Indirectly	
Delight Link Enterprises Limited	Hong Kong	Ordinary HK$2	**100%**	**–**	100%	–	Provision of administrative services to group companies
Keycharm Investments Limited ("Keycharm")	British Virgin Islands ("BVI")	Ordinary US$100	**–**	**100%**	–	100%	Investment holding
圖輝石化開發(太倉)有限公司Tuhui Petrochem Development (Taicang) Company Limited (formerly known as"太倉中化國際興業石化開發建設有限公司 Taicang Sinochem International Xingye Petrochemical Development Company Limited")	PRC	Registered capital RMB160,000,000	**–**	**100%**	–	100%	Industrial property development with focus on port infrastructure and warehouse projects
太倉基創倉儲有限公司 (Taicang Keycharm Storage Company Ltd.)	PRC	Registered capital RMB80,000,000	**–**	**100%**	–	–	Industrial property development with focus on warehouse projects and provision of warehouse services
北京三智興業投資有限公司	PRC	Registered capital RMB20,000,000	**–**	**95%**	–	95%	Provision of consultancy services
太倉灝朴貿易有限公司	PRC	Registered capital RMB5,000,000	**–**	**100%**	–	100%	Trading of goods

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

37. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM/TO SUBSIDIARIES

	The Company	
	2012	2011
	HK$'000	HK$'000
Unlisted shares, at cost	**3**	3
Amounts due from subsidiaries	**316,557**	321,650
Less: impairment loss recognised	**(229,037)**	(229,037)
Add: reversal of impairment loss	**5,093**	–
	92,613	92,613
Amounts due to subsidiaries	**354**	354

Amounts due from/to subsidiaries are unsecured, interest-free and are repayable on demand.

38. FINANCIAL INFORMATION OF THE COMPANY

	Notes	2012 HK$'000	2011 HK$'000
Non-current asset			
Interests in subsidiaries	37	**3**	3
Current assets			
Amounts due from subsidiaries	37	**92,613**	92,613
Prepayments and deposits		**341**	145
Bank balances and cash		**61**	992
		93,015	93,750
Current liabilities			
Other payables and accruals		**508**	610
Amounts due to subsidiaries	37	**354**	354
		862	964
Net current assets		**92,153**	92,786
Total assets less current liabilities		**92,156**	92,789
Net assets		**92,156**	92,789
Capital and reserves			
Share capital	28	**1,499**	1,499
Share premium		**379,281**	379,281
Contributed surplus		**64,379**	64,379
Accumulated losses		**(353,003)**	(352,370)
Total equity		**92,156**	92,789

39. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

FINANCIAL SUMMARY

	Year ended 31.12.2012 HK$'000	Year ended 31.12.2011 HK$'000	Year ended 31.12.2010 HK$'000	Year ended 31.12.2009* HK$'000	Year ended 31.12.2008* HK$'000
RESULTS					
Continuing operations					
Revenue	**118,337**	184,187	7,418	5,273	4,458
Cost of sales	**(108,924)**	(175,701)	–	(4,179)	(3,747)
Gross profit	**9,413**	8,486	7,418	1,094	711
Other income	**5,760**	38,003	282	1,123	2,981
Selling and distribution costs	**(106)**	(141)	–	(449)	(270)
Administrative and other operating expenses	**(33,002)**	(37,380)	(29,294)	(42,682)	(39,937)
Other expenses	**(5,753)**	–	–	–	–
Finance costs	**(20,219)**	(1,852)	(4,466)	(3,418)	(453)
(Loss) profit before tax	**(43,907)**	7,116	(26,060)	(44,332)	(36,968)
Income tax (expense) credit	**–**	(7,843)	–	–	1,225
	(43,907)	(727)	(26,060)	(44,332)	(35,743)
Discontinued operation					
Profit (loss) for the year from discontinued operation	**–**	3,104	(4,070)	–	–
(Loss) profit for the year	**(43,907)**	2,377	(30,130)	(44,332)	(35,743)
Attributable to:					
Owners of the Company	**(43,817)**	2,506	(29,944)	(44,129)	(35,458)
Non-controlling interests	**(90)**	(129)	(186)	(203)	(285)
	(43,907)	2,377	(30,130)	(44,332)	(35,743)

	31.12.2012 HK$'000	31.12.2011 HK$'000	31.12.2010 HK$'000	31.12.2009* HK$'000	31.12.2008* HK$'000
ASSETS AND LIABILITIES					
Total assets	**368,954**	387,353	325,324	304,413	284,986
Total liabilities	**(211,375)**	(187,350)	(134,179)	(89,436)	(25,677)
Non-controlling interests	**(269)**	(356)	(468)	(645)	(848)
Equity attributable to owners of the Company	**157,310**	199,647	190,677	214,332	258,461

* *The result for each of the year from 2008-2009 have not been re-presented for the discontinued operation.*