

Hong Kong Financial
Reporting Standards
Illustrative Annual Financial
Statements 2012



Hong Kong Financial Reporting Standards

Illustrative Annual Financial Statements 2012

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Foreword

Welcome to our 2012 edition of Hong Kong Financial Reporting Standards – Illustrative Annual Financial Statements.

There are a number of amendments to standards that are mandatorily effective for 2012, including the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* and the amendments to HKFRS 7 *Disclosures – Transfers of Financial Assets*.

In addition to the above amendments, the Hong Kong Institute of Certified Public Accountants ('HKICPA') has issued a number of new and revised standards in the past few years which are not yet mandatorily effective for 2012 (but for which early application is allowed), including a package of five new and revised standards on consolidation, joint arrangements, associates and disclosures, a revised standard on employee benefits (HKAS 19 (as revised in 2011)) and a new fair value measurement standard (HKFRS 13). The application of these new and revised standards may have a significant impact on entities' financial statements.

Specifically, this publication includes the following sections:

- Section 1 – Accounting and regulatory updates in Hong Kong for 2012.
- Section 2 – A set of illustrative annual financial statements for the year ended 31 December 2012 issued by a Hong Kong listed company, *Hong Kong GAAP Limited*. This set of illustrative financial statements shows the impact of the presentation and disclosure requirements of the amendments to standards that are mandatorily effective on 1 January 2012. Also, the illustrative financial statements have been prepared on the basis that *Hong Kong GAAP Limited* has not applied any of the new or revised standards in advance of their effective dates except for the following amendments:
 - amendments to HKAS 1 *Presentation of Financial Statements* as part of the *Annual Improvements to HKFRSs 2009-2011 Cycle*, which provide additional guidance on when the statement of financial position as at the beginning of the earliest comparative period and the related notes are required to be disclosed (effective 1 January 2013).
- Section 3 – A couple of appendices that give examples of the application of the presentation and disclosure requirements of a number of new and revised standards that are not yet mandatorily effective on 1 January 2012 (e.g. amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*, and the package of five new and revised standards on consolidation, joint arrangements, associates and disclosures issued in June 2011).

Suggested disclosures are cross-referenced to the underlying requirements in the texts of the relevant standards and interpretations.

We hope that this publication will help you navigate through the increasingly complex and changing financial reporting requirements in Hong Kong. In addition, please continue to keep up to date with the new international developments that will shape Hong Kong financial reporting in the future via our IAS Plus website (www.iasplus.com).

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December 2012

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Abbreviations

AG	=	Accounting Guideline issued by the HKICPA
Alt	=	Alternative
App	=	Appendix to the Listing Rules
EPS	=	Earnings per Share
GEM	=	Growth Enterprise Market of the SEHK
GR	=	Rules Governing the Listing of Securities on the GEM (the GEM Rules)
GR App	=	Appendix to the GEM Rules
HKAS(s)	=	Hong Kong Accounting Standard(s) issued by the HKICPA
HKFRS(s)	=	Hong Kong Financial Reporting Standard(s) issued by the HKICPA
HIBOR	=	Hong Kong Inter-Bank Offer Rate
HKICPA	=	Hong Kong Institute of Certified Public Accountants
HK-Int	=	HK Interpretation
HK (IFRIC)-Int	=	HK (IFRIC) Interpretation
HKSA(s)	=	Hong Kong Standard(s) on Auditing issued by the HKICPA
HK (SIC)-Int	=	HK (SIC) Interpretation
IAS(s)	=	International Accounting Standard(s)
IASB	=	International Accounting Standards Board
IFRS(s)	=	International Financial Reporting Standard(s)
IFRIC	=	IFRS Interpretations Committee
Preface	=	Preface to Hong Kong Standards on Quality Control, Auditing, Assurance and Related Services
LR	=	Rules Governing the Listing of Securities on the SEHK (the Listing Rules)
MD&A	=	Management Discussion and Analysis
PN	=	Practice Note to the Listing Rules
s	=	Section Reference, Hong Kong Companies Ordinance
Sch 10	=	Companies Ordinance, Tenth Schedule
SEHK	=	The Stock Exchange of Hong Kong Limited
SFO	=	Securities and Futures Ordinance

Section 1 – What’s new for the 2012 annual financial statements and beyond?

1A. Accounting update in Hong Kong

This section covers the followings:

- an overview of amendments to Hong Kong Financial Reporting Standards (HKFRSs) that are mandatorily effective for the year ending 31 December 2012; and
- an overview of new and revised HKFRSs that are not yet mandatorily effective but allow early application for the year ending 31 December 2012. For this purpose, the discussion below reflects a cut-off date of 30 November 2012. When preparing the financial statements for the year ending 31 December 2012, entities should also consider and disclose the potential impact of the application of any new and revised HKFRSs issued by the HKICPA after 30 November 2012 but before the financial statements are issued.

Amendments to HKFRSs that are mandatorily effective for the year ending 31 December 2012

Amendments to HKFRSs	Effective for annual periods beginning on or after	Application
Amendments to HKFRS 1 <i>Severe Hyperinflation</i>	1 July 2011	Retrospective application.
Amendments to HKFRS 1 <i>Removal of Fixed Dates for First-time Adopters</i>	1 July 2011	Retrospective application.
Amendments to HKFRS 7 <i>Disclosures – Transfers of Financial Assets</i>	1 July 2011	Entities need not provide the disclosures required by the amendments for any period presented that begins before the date of initial application of the amendments.
Amendments to HKAS 12 <i>Deferred Tax: Recovery of Underlying Assets</i>	1 January 2012	Retrospective application.

Amendments to HKFRS 1 Severe Hyperinflation (Effective for annual periods beginning on or after 1 July 2011)

The amendments regarding severe hyperinflation provide guidance for entities emerging from severe hyperinflation either to resume presenting HKFRS financial statements or to present HKFRS financial statements for the first time.

Amendments to HKFRS 1 Removal of Fixed Dates for First-time Adopters (Effective for annual periods beginning on or after 1 July 2011)

The amendments regarding the removal of fixed dates provide relief to first-time adopters of HKFRSs from reconstructing transactions that occurred before their date of transition to HKFRSs. Two of the existing first-time adoption provisions in HKFRS 1 (derecognition of financial assets and liabilities and ‘day 1’ gains and losses) included guidance designed to mirror the transitional provisions of HKAS 39 including the applicable effective dates. The amendments provide relief to first-time adopters of HKFRSs by replacing the date of prospective application from the fixed date of ‘1 January 2004’ with ‘the date of transition to HKFRSs’.

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets (Effective for annual periods beginning on or after 1 July 2011)

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures of transactions where a financial asset is transferred but the transferor retains some level of continuing exposure in the asset.

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Amendments to HKAS 12: Deferred Tax – Recovery of Underlying Assets (Effective for annual periods beginning on or after 1 January 2012)

The amendments to HKAS 12 provide an exception to the general principle set out in HKAS 12 *Income Taxes* that the measurement of deferred tax should reflect the manner in which an entity expects to recover the carrying amount of an asset. Specifically, the amendments introduce a rebuttable presumption that the carrying amount of an investment property measured using the fair value model in HKAS 40 *Investment Property* will be recovered entirely through sale for the purposes of measuring deferred taxes. The amendments were issued in response to concerns that it is difficult and subjective to apply HKAS 12's general approach to measure deferred taxes for investment properties that are measured using the fair value model because it may be that the entity intends to hold the asset for an indefinite or indeterminate period of time, during which it anticipates both rental income and capital appreciation.

Under the amendments, unless the presumption is rebutted, the measurement of the deferred tax liability or deferred tax asset is required to reflect the tax consequences of recovering the carrying amount of the investment property entirely through sale. The 'sale' presumption is rebutted if the investment property is depreciable and the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Following the application of the amendments, entities holding a depreciable investment property accounted for using the fair value model in accordance with HKAS 40 in jurisdictions where income tax is not imposed on the sale of the investment property will no longer recognise deferred tax on any temporary differences arising from fair value gains or losses (unless the 'sale' presumption is rebutted). This is because there would be no income tax consequences expected to arise from recovering the carrying amount entirely through sale, regardless of whether the entity intends to use the property to generate rental income for a period of time prior to sale.

For a depreciable investment property, the application of the amendments will result in a change in accounting policy. The amendments require full retrospective application (i.e. prior year amounts are required to be restated).

New and revised HKFRSs that are available for early application

The following new and revised HKFRSs are not mandatorily effective for the year ending 31 December 2012 but are available for early application. Furthermore, paragraph 30 of HKAS 8 requires entities to consider and disclose the potential impact of new and revised HKFRSs that have been issued but are not yet effective.

The list below reflects a cut-off date of 30 November 2012. The potential impact of the application of any new and revised HKFRSs issued by the HKICPA after 30 November 2012 but before the financial statements are issued should also be considered and disclosed.

New HKFRS on financial instruments	Effective for annual periods beginning on or after	Application
HKFRS 9 <i>Financial Instruments</i> (as revised in 2010)	1 January 2015	Retrospective application, with specific transitional provisions.
Amendments to HKFRS 9 and HKFRS 7 <i>Mandatory Effective Date of HKFRS 9 and Transition Disclosures</i>	1 January 2015	Retrospective application, with specific transitional provisions.

New and revised HKFRSs on consolidation, joint arrangements, associates and disclosures	Effective for annual periods beginning on or after	Application
HKFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013	Retrospective application, with specific transitional provisions. Earlier application is permitted if HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011) are early applied at the same time.
HKFRS 11 <i>Joint Arrangements</i>	1 January 2013	Retrospective application, with specific transitional provisions. Earlier application is permitted if HKFRS 10, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011) are early applied at the same time.
HKFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013	Retrospective application, with specific transitional provisions. Entities are <u>encouraged</u> to provide information required by HKFRS 12 earlier than annual periods beginning on or after 1 January 2013.
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013	Retrospective application. The amendments clarify certain transition guidance on the application of HKFRS 10, HKFRS 11 and HKFRS 12 for the first time.
HKAS 27 <i>Separate Financial Statements</i> (as revised in 2011)	1 January 2013	Retrospective application. Earlier application is permitted if HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) are early applied at the same time.

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New and revised HKFRSs on consolidation, joint arrangements, associates and disclosures	Effective for annual periods beginning on or after	Application
HKAS 28 <i>Investments in Associates and Joint Ventures</i> (as revised in 2011)	1 January 2013	Retrospective application. Earlier application is permitted if HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 27 (as revised in 2011) are early applied at the same time.

New HKFRS on fair value measurement	Effective for annual periods beginning on or after	Application
HKFRS 13 <i>Fair Value Measurement</i>	1 January 2013	Prospective application. The disclosure requirements of HKFRS 13 need not be applied in comparative information provided for periods before initial application of HKFRS 13.

Revised HKFRS on employee benefits	Effective for annual periods beginning on or after	Application
HKAS 19 <i>Employee Benefits</i> (as revised in 2011)	1 January 2013	Retrospective application, with specific transitional provisions.

Amendments to other HKFRSs	Effective for annual periods beginning on or after	Application
Amendments to HKFRS 1 <i>Government Loans</i>	1 January 2013	Retrospective application.
Amendments to HKFRS 7 <i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013	Retrospective application.
Amendments to HKAS 1 <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012	Retrospective application.
Amendments to HKAS 32 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014	Retrospective application.
<i>Annual Improvements to HKFRSs 2009-2011 Cycle</i>	1 January 2013	Retrospective application.

New Interpretation	Effective for annual periods beginning on or after	Application
HK (IFRIC) – Int 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013	This Interpretation should be applied to production stripping costs incurred on or after the beginning of the earliest period presented, with specific transitional provisions.

***New HKFRS on financial instruments
HKFRS 9 Financial Instruments (as revised in 2010)
(Effective for annual periods beginning on or after 1 January 2015)***

HKFRS 9 contains new requirements for the classification and measurement of financial assets.

Under HKFRS 9, all recognised financial assets that are currently within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* will be subsequently measured at either amortised cost or fair value. A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding is generally measured at amortised cost. All other debt instruments must be measured at fair value through profit or loss (FVTPL). A fair value option is available (provided that certain specified conditions are met) as an alternative to amortised cost measurement.

All equity investments within the scope of HKAS 39 are to be measured in the statement of financial position at fair value, with the gains and losses recognised in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at fair value through other comprehensive income (FVTOCI), with only dividend income generally recognised in profit or loss.

HKFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from HKAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as FVTPL, the amount of change in the fair value of the financial liability that is attributable to change in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in the fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

In December 2011, the HKICPA issued the amendments to HKFRS 9 and HKFRS 7. The amendments defer the mandatory effective date of HKFRS 9 from 1 January 2013 to 1 January 2015, with early application permitted. The amendments also modify the transitional requirements from HKAS 39 to HKFRS 9.

At the date of publication of these illustrative financial statements, the IASB has issued a review draft of the new hedge accounting guidance that will form part of IFRS 9, with the finalisation of the draft guidance into a standard expected in early 2013. Furthermore, phase two of the financial instruments project on the impairment of financial assets is still a work in progress, and the IASB has published an exposure draft in November 2012 proposing limited improvements to IFRS 9 regarding the classification and measurement of debt investments. Preparers of financial statements should be aware of the status of these projects in considering any potential early application of IFRS 9/HKFRS 9.

***New and revised HKFRSs on consolidation, joint arrangements, associates and disclosures
(Effective for annual periods beginning on or after 1 January 2013)***

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

Each of the five standards is effective for annual periods beginning on or after 1 January 2013, with early application permitted. In general, if an entity wishes early application, it should apply all of the five standards early at the same time.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the part of HKAS 27 *Consolidated and Separate Financial Statements* that deals with consolidated financial statements and HK (SIC) – Int 12 *Consolidation – Special Purpose Entities*.

Headline changes brought about by HKFRS 10 are as follows:

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- Under HKFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change removes the perceived inconsistency between the previous version of HKAS 27 and HK (SIC)-Int 12 – the former used control concept whilst the latter placed greater emphasis on risks and rewards.
- A more robust definition of control has been developed in HKFRS 10 in order to address unintentional weaknesses of the definition of control set out in the previous version of HKAS 27. The definition of control in HKFRS 10 includes three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) ability to use its power over the investee to affect the amount of the investor's returns.
 - HKFRS 10 requires an investor to focus on activities that significantly affect the returns of an investee ('relevant activities') in assessing whether it has control over the investee (not merely financial and operating policies as set out in the previous version of HKAS 27).
 - HKFRS 10 replaces the term 'benefits' with the term 'returns' so as to clarify that an investor's returns could potentially be positive, negative or both.
 - HKFRS 10 makes it clear that there must be a linkage between 'power' and 'returns from the investee'.
 - HKFRS 10 requires that, in assessing control, only substantive rights (i.e. rights that their holder has the practical ability to exercise) are considered. For a right to be substantive, the right needs to be currently exercisable at the time when decisions about the relevant activities need to be made.
- HKFRS 10 adds application guidance to assist in assessing whether an investor controls an investee in complex scenarios, including:
 - application guidance on when an investor that has less than 50% of the voting rights of an investee has control over the investee (commonly referred to as 'de facto control').
 - application guidance on whether a decision maker is acting as a principal or an agent for another party. A decision maker that has decision-making authority over the relevant activities of an investee does not have control over the investee when it is merely an agent.
 - application guidance on when a particular set of assets and liabilities of an investee (i.e. a portion of an investee) can be deemed as a separate entity for the purposes of determining whether that portion is a subsidiary of the investor. HKFRS 10 states that a portion of an investee is treated as a separate entity for consolidation purposes when that portion is economically 'ring-fenced' from the rest of the investee.

HKFRS 10 does not contain 'bright lines' as to when an investor should or should not consolidate an investee.

Overall, the application of HKFRS 10 requires significant judgement on a number of aspects.

HKFRS 10 requires investors to reassess whether or not they have control over their investees on transition to HKFRS 10. In general, HKFRS 10 requires retrospective application, with certain limited transitional provisions.

Regarding the requirements for the preparation of consolidated financial statements, most of the requirements have been moved unchanged from the previous version of HKAS 27 to HKFRS 10.

HKFRS 11 Joint Arrangements

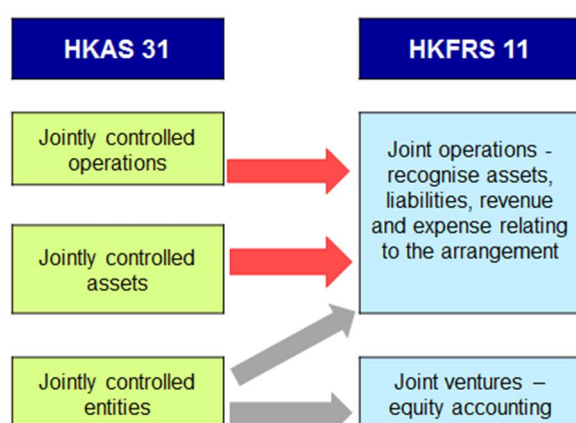
HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*.

HKFRS 11 deals with how a joint arrangement should be classified where two or more parties have *joint control*. There are two types of joint arrangements under HKFRS 11: *joint operations* and *joint ventures*. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements.

Type of joint arrangement	Features	Accounting under HKFRS 11
Joint venture	Joint venturers have rights to the <i>net assets</i> of the arrangement.	Equity method of accounting – proportionate consolidation is not allowed.
Joint operation	Joint operators have rights to the <i>assets and</i> obligations for the <i>liabilities</i> of the arrangement.	Each joint operator recognises its assets, liabilities, revenue and expenses, and its share of the assets, liabilities, revenue and expenses.

Under HKFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under HKAS 31, the establishment of a separate legal vehicle is the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

Therefore, upon application of HKFRS 11, the following changes may occur:



HKFRS 11 requires retrospective application with specific transitional provisions.

[HKFRS 12 Disclosure of Interests in Other Entities](#)

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

HKFRS 12 establishes disclosure objectives and specifies minimum disclosures that entities must provide to meet those objectives. The objective of HKFRS 12 is that entities should disclose information that helps users of financial statements evaluate the nature of and risks associated with its interests in other entities and the effects of those interests on their financial statements.

The disclosure requirements set out in HKFRS 12 are more extensive than those in the current standards.

[Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance](#)

The amendments clarify certain transitional guidance on the application of HKFRS 10, HKFRS 11 and HKFRS 12 for the first time. The major clarifications are as follows:

- The amendments explain that the 'date of initial application' of HKFRS 10 means the beginning of the annual reporting period in which HKFRS 10 is applied for the first time.
- The amendments clarify how a reporting entity should adjust comparative period(s) retrospectively if the consolidation conclusion reached at the date of initial application under HKFRS 10 is different from that under HKAS 27/HK (SIC)-Int 12.

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- When the control over an investee was lost during the comparative period (e.g. as a result of a disposal), the amendments confirm there is no need to adjust the comparative figures retrospectively (even though a different consolidation conclusion might have been reached under HKAS 27/HK (SIC)-Int 12 and HKFRS 10).
- When a reporting entity concludes, on the basis of the requirements of HKFRS 10, that it should consolidate an investee that was not previously consolidated, HKFRS 10 requires the entity to apply acquisition accounting in accordance with HKFRS 3 *Business Combinations* to measure assets, liabilities and non-controlling interests of the investee at the date when the entity obtained control of the investee (determined in accordance with HKFRS 10). The amendments clarify which version of HKFRS 3 should be used in different scenarios.
- The amendments provide additional transitional relief by limiting the requirement to present adjusted comparative information to the period immediately before the date of initial application. They also eliminate the requirements to present comparative information for disclosures related to unconsolidated structured entities for any period before the first annual period in which HKFRS 12 is applied.

The effective date of the amendments is the same as the effective date of HKFRS 10, HKFRS 11 and HKFRS 12 (i.e. annual periods beginning on or after 1 January 2013).

Note: [Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities](#)

The IASB issued the above amendments in November 2012. As at the time of submitting this publication for printing, the HKICPA has not yet issued the equivalent amendments.

The amendments to IFRS 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 IFRS 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 IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to IFRS 10, IFRS 12 and IAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted.

New HKFRS on fair value measurement **HKFRS 13 Fair Value Measurement** **(Effective for annual periods beginning on or after 1 January 2013)**

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. HKFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

HKFRS 13 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 required by 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. HKFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied. The disclosure requirements of HKFRS 13 need not be applied in comparative information provided for periods before initial application of the Standard.

Revised HKFRS on employee benefits
HKAS 19 Employee Benefits (as revised in 2011)
(Effective for annual periods beginning on or after 1 January 2013)

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 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 statement of financial position to reflect the full value of the plan deficit or surplus.

Another significant change to HKAS 19 relates to the presentation of changes in defined benefit obligations and plan assets with changes being split into three components:

- Service cost – recognised in profit or loss and includes current and past service cost as well as gains or losses on settlements.
- Net interest – recognised in profit or loss and calculated by applying the discount rate at the beginning of the reporting period to the net defined benefit liability or asset at the beginning of each reporting period.
- Remeasurement – recognised in other comprehensive income and comprises actuarial gains and losses on the defined benefit obligation, the excess of the actual return on plan assets over the change in plan assets due to the passage of time and the changes, if any, due to the impact of the asset ceiling.

As a result, the profit or loss will no longer include an expected return on plan assets; instead, imputed finance income is calculated on the plan assets and is recognised as part of the net interest cost in profit or loss. Any actual return above or below the imputed finance income on plan assets is recognised as part of remeasurement in other comprehensive income.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions.

Amendments to other HKFRSs

Amendments to HKFRS 1 Government Loans
(Effective for annual periods beginning on or after 1 January 2013)

The amendments provide relief to first-time adopters of HKFRSs by amending HKFRS 1 to allow prospective application of HKAS 39 or HKFRS 9 and paragraph 10A of HKAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* to government loans outstanding at the date of transition to HKFRSs.

Amendments to HKAS 32 and HKFRS 7 Offsetting Financial Assets and Financial Liabilities and the related disclosures
(Amendments to HKAS 32 - effective for annual periods beginning on or after 1 January 2014)
(Amendments to HKFRS 7 – effective for annual periods beginning on or after 1 January 2013)

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments to HKAS 32 are effective for annual periods beginning on or after 1 January 2014, with retrospective application required.

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 required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods.

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Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income (Effective for annual periods beginning on or after 1 July 2012)

The amendments to HKAS 1 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 additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

Annual Improvements to HKFRSs 2009-2011 Cycle (Effective for annual periods beginning on or after 1 January 2013)

The Annual Improvements include amendments to five HKFRSs which have been summarised below.

Standard	Subject of amendment	Details
HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards</i>	Repeated application of HKFRS 1	<p>The amendments clarify that an entity may apply HKFRS 1 if its most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with HKFRSs, even if the entity applied HKFRS 1 in the past. An entity that does not elect to apply HKFRS 1 must apply HKFRSs retrospectively as if there was no interruption.</p> <p>An entity should disclose:</p> <ol style="list-style-type: none"> the reason why it stopped applying HKFRSs; the reason why it is resuming the application of HKFRSs; and the reason why it has elected not to apply HKFRS 1, if applicable.
	Borrowing costs	<p>The amendments clarify that borrowing costs capitalised under previous GAAP before the date of transition to HKFRSs may be carried forward without adjustment to the amount previously capitalised at the transition date. As for borrowing costs incurred on or after the date of transition to HKFRSs that relate to qualifying assets under construction at the date of transition, the amendments clarify that they should be accounted for in accordance with HKAS 23 <i>Borrowing Costs</i>.</p> <p>The amendments also state that a first-time adopter can choose to apply HKAS 23 at a date earlier than the transition date.</p>
HKAS 1 <i>Presentation of Financial Statements</i>	Clarification of the requirements for comparative information	<p>The amendments to HKAS 1 clarify that an entity is required to present a statement of financial position as at the beginning of the preceding period (third statement of financial position) only when the retrospective application of an accounting policy, restatement or reclassification has a material effect on the information in the third statement of financial position and that the related notes are not required to accompany the third statement of financial position.</p> <p>The amendments also clarify that additional comparative information is not necessary for periods beyond the minimum comparative financial statement requirements of HKAS 1. However, if additional comparative information is provided, the information should be presented in accordance with HKFRSs,</p>

Standard	Subject of amendment	Details
		including related note disclosure of comparative information for any additional statements. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements. However, the entity should present related note information for those additional statements.
HKAS 16 <i>Property, Plant and Equipment</i>	Classification of servicing equipment	The amendments 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.
HKAS 32 <i>Financial Instruments: Presentation</i>	Tax effect of distribution to holders of equity instruments	The amendments 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 <i>Income Taxes</i> .
HKAS 34 <i>Interim Financial Reporting</i>	Interim financial reporting and segment information for total assets and liabilities	The amendments clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in interim financial reporting only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

New Interpretation

HK (IFRIC) – Int 20 Stripping Costs in the Production Phase of a Surface Mine (Effective for annual periods beginning on or after 1 January 2013)

HK (IFRIC) – Int 20 applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ('production stripping costs'). Under the Interpretation, the costs from this waste removal activity ('stripping') which provide improved access to ore is recognised as a non-current asset ('stripping activity asset') when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with HKAS 2 *Inventories*. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

The Interpretation is effective for annual periods beginning on or after 1 January 2013. An entity should apply this Interpretation to production stripping costs incurred on or after the beginning of the earliest period presented, with specific transitional provisions.

Section 1

1B. Regulatory update in Hong Kong

A. Changes to Listing Rules in Hong Kong

A.1. Consultation Conclusions on Rule Changes Consequential on the Enactment of the Securities and Futures (Amendment) Ordinance 2012 to Provide Statutory Backing to Listed Corporations' Continuing Obligation to Disclose Inside Information

The Securities and Futures (Amendment) Ordinance 2012 (the 'SFO Amendment Ordinance') implements a statutory obligation on listed corporations to disclose price sensitive information (termed 'inside information' under the SFO).

In connection with the implementation of the statutory disclosure regime, on 30 November 2012, the SEHK published the consultation conclusions on rule changes to minimise duplication and overlap with the SFO Amendment Ordinance. The main changes are to remove the existing continuing disclosure obligations which will become part of the statutory regime and to make other amendments consequential on the removal of these core provisions. The SFO Amendment Ordinance and the amendments to the Rules Governing the Listing of Securities on the SEHK (the 'Listing Rules') will both be effective on 1 January 2013.

A.2. Consultation Conclusions on Environmental, Social and Governance Reporting Guide

On 31 August 2012, the SEHK published the consultation conclusions on its proposed Environmental, Social and Governance ('ESG') Reporting Guide (the 'Guide') for companies listed in Hong Kong. The Guide is a recommended practice and will apply to issuers with financial years ending after 31 December 2012. Subject to further consultation, the SEHK plans to raise the obligation level of some recommended disclosures in the Guide to 'comply or explain' by 2015.

The Guide is divided into four areas: Workplace Quality, Environmental Protection, Operating Practices and Community Involvement. Each of these areas is further divided into three sections: aspects, general disclosure recommendation and key performance indicators.

An issuer may disclose the ESG information in its annual report regarding the same period covered in the annual report, or in a separate report, in print or on its website. Where the information is included in a separate report, an issuer is free to report on any period. However, the SEHK encourages an issuer to report regarding the same period covered in the annual report.

The Guide is appended to the Listing Rules as Appendix 27 Environmental, Social and Governance Reporting Guide. To help issuers start reporting under the Guide, the SEHK has also issued Frequently Asked Questions Series 18 to explain the application of the amendments relating to ESG.

A.3. Consultation Paper on Board Diversity

On 7 September 2012, the SEHK published a consultation paper on proposed changes to the Corporate Governance Code and Corporate Governance Report (the 'Code') concerning board diversity.

The SEHK proposed to introduce a provision in the Code (i.e. subject to 'comply or explain') stating that the nomination committee (or the board) should have a policy concerning diversity in the boardroom, and should disclose the policy or a summary of the policy in the corporate governance report. In addition, a note is proposed to be added under the provision in the Code to clarify that diversity is to be defined broadly, and the SEHK will not prescribe the criteria for considering diversity. Each issuer should take into account factors based on its business model and needs, form its own policy, and disclose the rationale for the factors used. It is also proposed that if the issuer should disclose any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.

The consultation period ended on 9 November 2012. The consultation conclusions have not been published as of 10 December 2012.

A.4. Major guidance issued by the SEHK

During 2012, the SEHK published a number of letters to provide guidance on matters relating to the Listing Rules. The following is a list of guidance letters issued by the SEHK up to 10 December 2012 in connection

with initial public offering. They cover listing requirements and issues relating to preparation of a listing document.

Listing requirements

- Guidance letter on profit forecast (HKEx-GL35-12, May 2012)
- Guidance letter on latest practicable date and the latest date for liquidity disclosure in a listing document (HKEx-GL38-12, June 2012)
- Guidance letter regarding Hong Kong Depository Receipts - Pre-release and Pre-cancellation (HKEx-GL39-12, July 2012)
- Guidance letter on Main Board Rule 9.09(b) in new listing cases (HKEx-GL42-12, August 2012)
- Guidance letter on the Exchange's approach to listing of business trusts and stapled securities (HKEx-GL40-12, August 2012)
- Revised guidance letter on IPO-filing administrative practices for Main Board and GEM applicants - Information in the first draft listing document – Acceptance for vetting (HKEx-GL6-09, July 2009 (updated in September 2009, November 2011 and August 2012))
- Guidance letter regarding pre-IPO investments (HKEx-GL 43-12, October 2012)
- Guidance letter regarding pre-IPO investments in convertible instruments (HKEx-GL 44-12, October 2012)
- Guidance letter on trading record requirements (HKEx-GL45- 12, November 2012)
- Guidance letter on (1) unrealised fair value gains on valuation of biological assets for the purpose of trading record and profit requirements under Main Board Rule 8.05(1)(a); (2) Disclosure requirements for IPO applicants with biological assets; and (3) Due diligence work expected to be performed by sponsor and other professional advisers on biological assets (HKEx-GL46-12, December 2012)

Preparation of a listing document

- Guidance letter on disclosure in listing documents for IPO cases - use of proceed (HKEx-GL33-12, April 2012)
- Guidance letter on disclosure in listing documents relating to hard underwriting (HKEx-GL34-12, April 2012)
- Guidance letter on distributorship business model – risks and disclosure in listing documents (HKEx-GL36-12, May 2012)
- Guidance letter regarding indebtedness, liquidity, financial resources and capital structure disclosure in the listing documents (HKEx-GL37-12, June 2012)
- Guidance letter on disclosure requirements for IPO cases – disclosure of material changes in financial, operational and/ or trading position after trading record period (HKEx-GL41-12, August 2012)

In addition, the SEHK has also issued a Guide on Connected Transaction Rules in April 2012 to facilitate issuers to understand and comply with the connected transaction rules. It is written in plain language and covers the Listing Rules requirements on connected transactions and the related interpretations published in listing decisions.

Section 1

B. Changes to the Securities and Futures Ordinance and other Codes

B.1. Consultation Conclusions on (1) the proposal to amend the requirements for property valuation in the Codes on Takeovers and Mergers and Share Repurchases, (2) the proposed amendment relating to confirmations of independence in placing and top-up transactions and (3) the timing of payment for acceptances

On 23 March 2012, the Securities and Futures Commission ('SFC') published consultation conclusions in connection with property valuation requirement and certain requirements in connection with placing and top-up transactions.

1. Property valuation requirements:

Under the amendments, property valuation requirement is only applicable to offers when the offeror is an interested party.

An interested party refers to (i) a party holding, or together with parties acting in concert with it holding, immediately before either the commencement of an offer period or an obligation arises to make a mandatory offer under Rule 26.1 of Code on Takeovers and Mergers, 30% or more of the voting rights of the offeree company; (ii) a director of the offeree company; or (iii) a party acting in concert with any of (i) or (ii).

The amendments recognise that in some circumstances, the continued full application of the valuation requirement may be unduly burdensome both in cost and time, especially in cases when the need for the valuation arises from the action of an unrelated party.

2. Confirmations of independence of placees:

Regarding confirmations of independence of placees in placing and top-up transactions, the amendment clarifies that it is the responsibility of financial advisers, placing agents and acquirers of the voting rights to confirm the independence of placees.

3. Timing of payment for acceptances:

The prescribed period for payment of acceptances is changed from ten days to seven business days. The amendment is made in response to a request by the Federation of Share Registrars Limited to allow share registrars and receiving agents a more manageable timeframe to process payments without compromising the interests of accepting shareholders.

The amendments to the Codes on Takeovers and Mergers and Share Repurchases (Codes) became effective on 23 March 2012.

B.2. The Securities and Futures (Amendment) Ordinance 2012 (the 'SFO Amendment Ordinance')

The objectives of the Securities and Futures (Amendment) Bill 2011 (the 'Amendment Bill') are to oblige listed corporations to disclose price sensitive information ('PSI'), to allow the SFC to institute proceedings before the Market Misconduct Tribunal ('MMT'), and to enable the SFC to establish an Investor Education Council ('IEC').

The Legislative Council passed the Amendment Bill (with amendments) in April 2012. The SFO Amendment Ordinance in its final form was subsequently gazetted on 4 May 2012. Under the SFO Amendment Ordinance, the SFC is empowered to implement the following new regulatory initiatives:

1. PSI disclosure regime

The SFO Amendment Ordinance establishes a statutory disclosure regime whereby listed corporations are required to disclose PSI (termed as 'inside information' in the SFO Amendment Ordinance) in a timely manner, backed by civil sanctions for non-disclosure of PSI. This initiative will take effect on 1 January 2013.

In addition, in June 2012, the SFC gazetted the Guidelines on Disclosure of Inside Information. The guidelines provide examples and discuss issues on particular situations to illustrate the SFC's views on the operation of the provisions of the SFO as amended by the SFO Amendment Ordinance.

2. Direct proceedings to the MMT

The SFC is empowered to institute proceedings directly before the MMT, without having to refer the case first to the Financial Secretary for his decision, to enforce PSI disclosure requirement, and to deal with the existing six types of market misconduct under the SFO. The six types of market misconduct are insider dealing, false trading, price rigging, disclosure of information about prohibited transactions, disclosure of false or misleading information inducing transaction, and stock market manipulation. This initiative became effective on 4 May 2012.

3. Setting up of the IEC

The IEC was established on 20 November 2012 by the SFC to take up broader investor education responsibilities covering the entire financial services sector.

B.3. Consultation Paper on the regulation of sponsors

In May 2012, the SFC launched a consultation to enhance the regulatory regime of sponsors. The consultation paper proposes combining the new and existing sponsor requirements as part of the Code of Conduct for Persons Licensed by or Registered with the SFC.

The key elements of the proposed regime include the following:

- When submitting a listing application:
 - a sponsor should have completed the vast majority of due diligence;
 - the first draft of the listing document should be published on the website of the SEHK; and
 - a sponsor should have resolved key issues concerning the operation, governance and structure of the company, and issues affecting the suitability for listing.
- Due diligence – a sponsor should:
 - gain thorough knowledge and understanding of a company;
 - adopt an open and questioning approach and should not accept statements at face value; and
 - collaborate and discuss with auditors, lawyers, directors and other experts to assess all information available to it about the company.
- Responsibility for disclosure – a sponsor should:
 - be reasonably satisfied through due diligence on the company that information in the prospectus is true, accurate and complete;
 - be able to demonstrate that it is reasonable for it to rely on accountants', valuers' and other experts' reports in the prospectus – this does not involve repeating the work done by experts but involves testing the information provided in the reports to ensure that the totality of disclosure in the prospectus is credible and coherent; and
 - be closely involved in the preparation of the Management Discussion and Analysis section of a prospectus to ensure that sufficient qualitative information explaining the company's track record is communicated clearly to potential investors.
- Resources and management – a sponsor's management should:
 - ensure sufficient resources are allocated to an initial public offering;
 - oversee the progress and the standard of due diligence; and
 - be closely involved in resolving difficult issues.
- Restrict the number of independent sponsors for each listing to one only or a limited number.
- Make clear that sponsors have civil and criminal liability for untrue statements (including material omissions) in a prospectus.

The consultation period ended on 31 July 2012. The consultation conclusions have not been published as of 10 December 2012.

B.4. Consultation paper on proposals to enhance the regulatory regime for non-corporate listed entities

On 23 November 2012, the SFC published a consultation paper on proposals to enhance the regulatory regime for non-corporate listed entities. The objective is to enhance the regulatory regime for non-corporate entities that are listed on the SEHK. The consultation period ends on 24 December 2012.

Section 1

The key elements of the proposals are to extend the applicability of certain provisions of the SFO which are not applicable to non-corporate listing entities under the current regime through the following:

- amending the provisions of Parts XIII to XV of the SFO regarding market misconduct and disclosure of interests to expressly cover all forms of listed entities;
- extending the SFC's powers to investigate and take action against breaches under Parts VIII and X to cover all listed entities, regardless of their legal form;
- extending the statutory disclosure requirement for price-sensitive information regarding listed corporations under Part XIVA of the SFO to all listed collective investment schemes and other non-corporate-form listed entities;
- clarifying that, for the purposes of the SFO, the 'issuer' or the 'listed corporation' of a listed depository receipt is the issuer of the underlying shares or units (and not the depository bank); and
- excluding from the disclosure of interest regime entities whose only listed securities are debentures.

C. The Companies Ordinance Rewrite

In mid-2006, the Hong Kong Government launched an exercise to rewrite the Companies Ordinance. After various public consultations between 2007 and 2010, the Companies Bill was introduced to Legislative Council in January 2011. The Legislative Council formed a Bills Committee to scrutinise the Companies Bill. On 12 July 2012, the Legislative Council passed the new Companies Ordinance in its final form. In August 2012, the new Companies Ordinance was gazetted.

The major initiatives of the new Companies Ordinance are to provide measures for:

- enhancing corporate governance;
- ensuring better regulation;
- facilitating business; and
- modernising the law.

The new Companies Ordinance covers all the areas regulated under the current Companies Ordinance (Chapter 32), except the prospectus regime and the winding-up and insolvency provisions, which will remain under Chapter 32. After the new Companies Ordinance becomes effective, Chapter 32 will be renamed as the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

To facilitate implementation of the new Companies Ordinance, the Hong Kong Government has launched the first and second phase of public consultation on the subsidiary legislation in September and November 2012 respectively. The subsidiary legislation sets out the administrative, technical and procedural matters required for the implementation of the new Companies Ordinance.

The new Companies Ordinance is expected to commence operation in 2014.

Section 2 – HKFRS illustrative annual financial statements for the year ended 31 December 2012

The illustrative financial statements of Hong Kong GAAP Limited for the year ended 31 December 2012 are intended to show the presentation and disclosure requirements of Hong Kong Financial Reporting Standards (HKFRSs), the Hong Kong Companies Ordinance and the Listing Rules. They also contain additional disclosures that are considered to be best practice, particularly where such disclosures are included in the illustrative examples provided in a specific standard.

Hong Kong GAAP Limited is assumed to be a Bermuda incorporated company listed on the Main Board of The Stock Exchange of Hong Kong Limited. For those entities listed on the Growth Enterprise Market, specific disclosure requirements are set out in the GEM Rules. These are largely consistent with the requirements of the Listing Rules and, for readers' convenience, cross-references to the GEM Rules have also been included in the illustrative financial statements.

Hong Kong GAAP Limited is assumed to have presented financial statements in accordance with HKFRSs for a number of years. Therefore, it is not a first-time adopter of HKFRSs.

The illustrative financial statements do not include separate financial statements for the parent, which may be required by local laws or regulations, or may be prepared voluntarily. Where an entity presents separate financial statements that comply with HKFRSs, it should apply *HKAS 27 Consolidated and Separate Financial Statements*.

The illustrative financial statements show the impact of the application of the amendments to standards that are mandatorily effective on 1 January 2012 (see note 2 to the financial statements for details). These financial statements do not illustrate the impact of the application of new and revised standards and interpretations that are not yet mandatorily effective on 1 January 2012 (e.g. HKFRS 9 *Financial Instruments*), except for the following amendments to HKFRSs:

- amendments to HKAS 1 *Presentation of Financial Statements* as part of the *Annual Improvements to HKFRSs 2009-2011 Cycle*, which provide additional guidance on when a statement of financial position as at the beginning of the earliest comparative period and the related notes are required to be disclosed (effective for annual periods beginning on or after 1 January 2013).

For the purposes of presenting the statement of comprehensive income and statement of cash flows, the various alternatives allowed under HKFRSs for those statements have been included. Preparers should select the alternatives most appropriate to their circumstances and apply the chosen presentation method consistently.

Note that in these illustrative financial statements, we have frequently included line items for which a nil amount is shown, so as to illustrate items that, although not applicable to Hong Kong GAAP Limited, are commonly encountered in practice. This does not mean that we have illustrated all possible disclosures. Nor should it be taken to mean that, in practice, entities are required to display line items for such 'nil' amounts.

Section 2

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Source

Hong Kong GAAP Limited

Corporate information**Board of directors**

Gary D.K. Wong, Chairman
 Daniel D.D. Lee
 Derek S.Y. Wong
 Tiara Cheung
 Florence K.Y. Tang
 John Banks

Registered office

35th Floor, The Pacific Tower
 33 Front Street
 Hamilton HM12
 Bermuda

Company secretary

Fanny Cong

Registrars

Hong Kong Registrars Limited
 Central
 Hong Kong

Principal bankers

Admiralty Banking Corporation
 Kowloon Bank Limited

Auditor

Deloitte Touche Tohmatsu

Solicitors

Kwan, Lee & Wong

Source	Hong Kong GAAP Limited
App 16.32 GR 18.41	<p>Directors' business review</p> <p>Listed entities, whether listed on the Main Board or GEM, are required to present in their annual reports a separate statement containing a discussion and analysis of their performance during the year and the material factors underlying their results and financial position.</p> <p>Both the Listing Rules and the GEM Rules set out a number of matters on which, at a minimum, the directors should comment in their review, including:</p> <ul style="list-style-type: none"> • the group's liquidity and financial resources; • the capital structure of the group; • the state of the group's order book; • significant investments held and their performance; • details of material acquisitions and disposals during the year; • comments on segmental information; • the number and remuneration of employees; • details of charges on group assets; • details of future plans for material investments or capital assets and sources of funding; • gearing ratio; • foreign exchange exposure and any related hedges; and • details of contingent liabilities.
App 16.52 GR 18.83	<p>Both the Listing Rules and the GEM Rules encourage listed entities to disclose the following additional commentary on management discussion and analysis in their annual reports:</p> <ul style="list-style-type: none"> • efficiency indicators (e.g. return on equity, working capital ratios) for the last 5 financial years indicating the bases of computation; • industry specific ratios, if any, for the last 5 financial years indicating the bases of computation; • a discussion of the listed entity's purpose, corporate strategy and principal drivers of performance; • an overview of trends in the listed entity's industry and business; • a discussion on business risks (including known events, uncertainties and other factors which may substantially affect future performance) and risks management policy; • a discussion on the listed entity's environmental policies and performance, including compliance with the relevant laws and regulations; • a discussion on the listed entity's policies and performance on community, social, ethical and reputational issues; • an account of the listed entity's key relationships with employees, customers, suppliers and others, on which its success depends; and • receipts from, and returns to, shareholders.
App 14.C.1.4 GR App 15.C.1.4	<p>Corporate strategy and long term business model</p> <p>Both the Listing Rules and the GEM Rules require the directors to include an explanation of the basis on which the entity generates or preserves value over the longer term (the business model) and the strategy for delivering the entity's objectives.</p> <p><i>Note: The above rule is effective for annual periods ending on or after 1 April 2012.</i></p> <p>There is no 'illustrative report' for such a review. The analysis should focus on the key issues for the particular reporting entity.</p>

Source	Hong Kong GAAP Limited
App 16.34 GR18.44(2)	<p>Corporate governance report</p> <p>Listed entities, whether listed on the Main Board or GEM, are required to include a report on corporate governance practices in their annual reports.</p>
App 14 G to P GR App 15 G-P	<p>The report should contain, at a minimum, information about the following matters:</p> <ul style="list-style-type: none"> • corporate governance practices; • directors' securities transactions; • board of directors; • chairman and chief executive; • non-executive directors; • auditors' remuneration; • board committees; • company secretary; • shareholders' rights; and • investor relations relating to any significant changes in the listed entities' constitutional documents during the year.
App 14 Q-T GR App 15 Q-T	<p>In addition, the report should include the following recommended disclosures:</p> <ul style="list-style-type: none"> • share interests of senior management; • investor relations regarding details of shareholders, meeting particulars, important shareholder dates and public float capitalisation at year end; • internal controls; and • management functions.
LR 13.89(2), (3) GR 17.101(2), (3)	<p>Furthermore, listed entities should state whether they have complied with the code provisions set out in the Corporate Governance Code for the relevant accounting period in their annual reports. Where the entity deviates from the code provisions, it must give reasons in its corporate governance report.</p>
LR 13.89(4) GR 17.101(4)	<p>For the recommended corporate governance best practices, entities listed on either the Main Board or GEM are encouraged, but are not required, to state whether they have complied with these best practices and give reasons for any deviation.</p>
	<p><i>Note: A listed entity's board of directors should state in the entity's first annual report covering a period after 1 April 2012, whether the entity has complied with the former Code of Corporate Governance Practices for the period up to 31 March 2012, and whether it has complied with the revised Corporate Governance Code from 1 April 2012.</i></p>
	<p>There is no 'illustrative report' for a corporate governance report. The content of this report should reflect the corporate governance practices of the particular reporting entity.</p>

Source	Hong Kong GAAP Limited	
App 16.12 GR 18.39	Profiles of directors and senior management	
GR 18.44	<p data-bbox="354 286 590 315">Executive directors</p> <p data-bbox="354 342 893 398">Gary D.K. Wong, Chairman and Managing Director</p> <p data-bbox="354 425 893 566">Mr. Gary D.K. Wong, 54, is a design engineer. He has been with the Group since its formation, holding a number of Board positions before becoming Managing Director in 2000. He has been with the Group for more than 15 years.</p> <p data-bbox="354 616 746 645">Daniel D.D. Lee, Finance Director</p> <p data-bbox="354 672 893 840">Mr. Daniel D.D. Lee, 50, is a chartered accountant and holds a business degree from the University of Ontario. He joined the Board as Finance Director in 2004, having previously held senior positions in a number of manufacturing entities. He has been with the Group for 8 years.</p> <p data-bbox="354 918 558 947">Derek S.Y. Wong</p> <p data-bbox="354 974 893 1198">Mr. Derek S.Y. Wong, 45, is an executive director with special responsibility for product development. He is an electronic engineer with previous experience with multi-national conglomerates in the electronics industry. He joined the Board in 2007 and has over 5 year experiences in product development. Derek S.Y. Wong is a brother of Gary D.K. Wong.</p> <p data-bbox="354 1249 598 1279">Senior management</p> <p data-bbox="354 1305 558 1335">Mr. Bruno Gimeli</p> <p data-bbox="354 1361 893 1503">Mr. Bruno Gimeli, 47, is the chief executive. He is primarily responsible for sales and marketing. He held senior marketing positions with a number of Hong Kong companies before joining the Company in 2005.</p> <p data-bbox="354 1686 622 1715">Mr. Richard W.L. Chan</p> <p data-bbox="354 1742 893 1910">Mr. Richard W. L. Chan, 48, is the head of the production department (in relation to leisure goods). He joined the Company in 2009. Before he joined the Company, he held senior positions in a number of large leisure goods manufacturing companies in Hong Kong and the PRC.</p>	<p data-bbox="906 286 1340 315">Independent non-executive directors</p> <p data-bbox="906 342 1077 371">Tiara Cheung</p> <p data-bbox="906 398 1452 589">Ms. Tiara Cheung, 42, was appointed as an independent non-executive director in March 2001 and serves on the Audit Committee of the Company. She worked for a number of years in marketing and public relations positions with Secor Toys Limited before establishing a consultancy practice in 2001.</p> <p data-bbox="906 616 1141 645">Florence K.Y. Tang</p> <p data-bbox="906 672 1452 896">Ms. Florence K.Y. Tang, 55, is one of Hong Kong's leading residents with a distinguished record in the business community. She joined the Board as an independent non-executive director in 2008 and serves on the Audit Committee of the Company. She is a member of the Hong Kong Development Corporation and of the Community Development Project.</p> <p data-bbox="906 918 1053 947">John Banks</p> <p data-bbox="906 974 1452 1164">Mr. John Banks, 46, was appointed as an independent non-executive director in April 2009 and serves on the Audit Committee of the Company. He is a chartered accountant and has many years of experience in corporate finance. Mr. Banks holds directorships in a number of public companies in Hong Kong.</p> <p data-bbox="906 1305 1109 1335">Ms. Fanny Cong</p> <p data-bbox="906 1361 1452 1664">Fanny Cong, 43, is the chief financial controller and the qualified accountant responsible for the financial reporting procedures and internal controls. She also acts as the company secretary, and as the compliance officer responsible for liaison with The Stock Exchange of Hong Kong Limited. She joined the Company in 2004. She is an associate of the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Company Secretaries.</p> <p data-bbox="906 1686 1181 1715">Mr. David K.K. Cheung</p> <p data-bbox="906 1742 1452 1966">David K.K. Cheung, 46, is the head of the production department (in relation to electronic equipment) and is primarily responsible for production and product development. He joined the Company in 2005. Before he joined the Company, he held senior positions in a number of large electronic equipment manufacturing companies in Hong Kong.</p>

Source	Hong Kong GAAP Limited
	<p>Directors' report</p>
s129D(1)	The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2012.
s129D(3)(a)	<p>Principal activities</p> <p>The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries, associates and jointly controlled entities are set out in notes 59, 24 and 25 respectively to the consolidated financial statements.</p> <p>In prior years, the Group was also engaged in the manufacture of toys and bicycles. These operations were discontinued in the current year (see notes 11 and 12).</p>
s129D(3)(b) s129D(3)(c)	<p>Results and appropriations</p> <p>The results of the Group for the year ended 31 December 2012 are set out in the consolidated [income statement and] statement of comprehensive income on pages 33-34/35-36.</p> <p>The directors now recommend the payment of a final dividend of HK23.31 cents per share to the shareholders on the register of members on 25 May 2013, amounting to approximately HK\$4.154 million and the retention of the remaining profit for the year of approximately HK\$23.424 million.</p>
App 16.19 GR 18.33	<p>Five year financial summary</p> <p>A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 154 of the annual report.</p>
s129D(3)(f)	<p>Fixed assets</p> <p>Details of the movements during the year in the property, plant and equipment and investment properties of the Group are set out in notes 18 and 20 respectively to the consolidated financial statements.</p>
s129D(3)(g) App 16.10(4) GR 18.14 LR 10.06(4)(b) GR 13.13(2)	<p>Share capital</p> <p>Details of the movements during the year in the share capital of the Company are set out in note 44 to the consolidated financial statements.</p> <p>Purchase, sale or redemption of securities</p> <p>During the year, the Company repurchased certain of its own ordinary shares through The Stock Exchange of Hong Kong Limited, details of which are set out in note 44 to the consolidated financial statements. The directors considered that, as the Company's ordinary shares were trading at a discount to the net asset value per share, the repurchases would increase the net asset value per share of the Company. None of the Company's subsidiaries repurchased, sold or redeemed any of the Company's shares during the year.</p>
App 16.29 GR 18.37 GR 24.21 GR 25.33	<p>Distributable reserves of the Company</p> <p>The Company's reserves available for distribution to shareholders as at 31 December 2012 amounted to approximately HK\$90 million (31 December 2011: HK\$87 million).</p>

Source	Hong Kong GAAP Limited																																		
	Directors' report - continued																																		
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s129D(3)(i)	The directors of the Company during the year and up to the date of this report were:																																		
	Executive directors																																		
	Gary D.K. Wong Daniel D.D. Lee Derek S.Y. Wong																																		
	Independent non-executive directors																																		
	Tiara Cheung Florence K.Y. Tang John Banks																																		
	In accordance with the provisions of the Company's Articles of Association, Messr. Daniel D.D. Lee retires by rotation and, being eligible, offers himself for re-election.																																		
	Directors' service contracts																																		
App 16.14 GR 18.24(1)	No director 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' and chief executive's interests in shares and share options																																		
App 16.13(1),(2) PN 5(3.2),(3.3) GR 18.15(1),(2) GR 18.17 GR 18.17A	At 31 December 2012, the interests of certain directors and Mr. Bruno Gimeli, the chief executive of the Company and their associates in the shares and share options of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:																																		
	Long positions																																		
	(a) Ordinary shares of HK\$1 each of the Company																																		
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Source	Hong Kong GAAP Limited			
SFOs 308 GR 18.45	Directors' report - continued			
	(b) Share options			
	<u>Name</u>	<u>Capacity</u>	<u>Number of options held</u>	<u>Number of underlying shares</u>
	<u>Directors</u>			
	Mr. Gary D.K. Wong	Beneficial owner	60,000	60,000
	Mr. Daniel D.D. Lee	Held by spouse	60,000	60,000
			120,000	120,000
	<u>Chief executive</u>			
	Mr. Bruno Gimeli	Beneficial owner	60,000	60,000
	Notes:			
1. Mr. Gary D.K. Wong is deemed to be interested in 10,570,000 ordinary shares of the Company through his beneficial interests in the following corporations:				
		<u>Percentage of the issued share capital of the corporation</u>	<u>Number of shares of the Company held by the corporation</u>	
	ABC Inc.	35%	55,000	
	XYE Company Limited	35%	106,000	
	Group Holdings Limited	60%	10,409,000	
			10,570,000	
2. Mr. Daniel D.D. Lee beneficially owns 10,000 shares of HK\$1 each in AAA Co. Ltd., representing approximately 40% of the issued share capital of that company. AAA Co. Ltd. beneficially owns 249,000 ordinary shares of the Company.				
App 16.13(1),(2) GR 18.15(1),(2)	Other than the holdings disclosed above and nominee shares in certain subsidiaries held in trust for the Group, none of the directors, chief executive and their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2012.			

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LR 17.07 GR 23.07	<p>The following table discloses movement in Subsix Limited's share options during the year.</p> <table border="1"> <thead> <tr> <th></th> <th>Option type</th> <th>Outstanding at the acquisition date of Subsix Limited</th> <th>Granted during year</th> <th>Exercised during year</th> <th>Forfeited during year</th> <th>Expired during year</th> <th>Outstanding at end of year</th> </tr> </thead> <tbody> <tr> <td>Employees</td> <td>2011</td> <td>5,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>5,000</td> </tr> </tbody> </table>		Option type	Outstanding at the acquisition date of Subsix Limited	Granted during year	Exercised during year	Forfeited during year	Expired during year	Outstanding at end of year	Employees	2011	5,000	-	-	-	-	5,000				
	Option type	Outstanding at the acquisition date of Subsix Limited	Granted during year	Exercised during year	Forfeited during year	Expired during year	Outstanding at end of year														
Employees	2011	5,000	-	-	-	-	5,000														
s129D(3)(k)	<p>Arrangements to purchase shares or debentures</p> <p>Other than the option holdings disclosed above, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow 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.</p>																				
s129D(3)(j) App 16.15 GR 18.25	<p>Directors' interests in contracts of significance</p> <p>No contract of significance to which the Company, its holding company, fellow subsidiaries or 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.</p>																				
s162A(1)(a) s129D(3)(ia)	<p>Management contract</p> <p>A.B. Consultant Company Limited has a management services contract with the Group for a period of three years starting from 1 January 2011. Mr. Gary D.K. Wong is a director and controlling shareholder of that company which received management service fees amounting to HK\$240,000 (2011: HK\$240,000) during the year.</p>																				
App 16.13(3) PN 5(3.2), (3.4) GR 18.16 GR 18.17 GR 18.17B	<p>Substantial shareholders</p> <p>As at 31 December 2012, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that other than the interests disclosed above in respect of certain directors and the chief executive, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.</p> <p>Long positions</p> <p>(a) Ordinary shares of HK\$1 each of the Company</p> <table border="1"> <thead> <tr> <th>Name of shareholder</th> <th>Capacity</th> <th>Number of issued ordinary shares held</th> <th>Percentage of the issued share capital of the Company</th> </tr> </thead> <tbody> <tr> <td>Mr. Francis F.G. Chan</td> <td>Beneficial owner</td> <td>2,263,000</td> <td>12.7%</td> </tr> <tr> <td>Group Holdings Limited</td> <td>Beneficial owner</td> <td>10,409,000</td> <td>58.4%</td> </tr> </tbody> </table> <p>(b) Share options</p> <table border="1"> <thead> <tr> <th>Name of shareholder</th> <th>Capacity</th> <th>Number of share options</th> <th>Number of underlying shares</th> </tr> </thead> <tbody> <tr> <td>Mr. Francis F.G. Chan</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2012.</p>	Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company	Mr. Francis F.G. Chan	Beneficial owner	2,263,000	12.7%	Group Holdings Limited	Beneficial owner	10,409,000	58.4%	Name of shareholder	Capacity	Number of share options	Number of underlying shares	Mr. Francis F.G. Chan	-	-	-
Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company																		
Mr. Francis F.G. Chan	Beneficial owner	2,263,000	12.7%																		
Group Holdings Limited	Beneficial owner	10,409,000	58.4%																		
Name of shareholder	Capacity	Number of share options	Number of underlying shares																		
Mr. Francis F.G. Chan	-	-	-																		

Source	Hong Kong GAAP Limited
App 16.12B GR 18.39B	<p>Directors' report - continued</p> <p>Independent non-executive directors</p> <p>The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company considers all of the independent non-executive directors are independent.</p>
App 16.8(1)&(2) LR 14A.45 LR 14A.46 GR 18.09(1),(2) GR 20.45 GR 20.46	<p>Connected transaction</p> <p>[Describe connected transactions, if any]</p>
LR 8.10(2)(b)&(c) GR 11.04	<p>Interests in competitors</p> <p>Mr. Derek S.Y. Wong holds an 80% interest in MNO Ltd., a company engaged in the manufacture of electronic equipment. MNO Ltd., therefore, competes with the Group in certain aspects of its business.</p>
App 16.24B GR 18.29A	<p>Emolument policy</p> <p>The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.</p> <p>The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.</p> <p>The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 47 to the consolidated financial statements.</p>
App 16.20 GR 17.39	<p>Pre-emptive rights</p> <p>There are no provisions 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.</p>
App 16.34A LR 13.35 GR17.38A	<p>Sufficiency of public float</p> <p>The Company has maintained a sufficient public float throughout the year ended 31 December 2012.</p>
s129D(3)(d),(e)	<p>Charitable donations</p> <p>During the year, the Group made charitable donations amounting to HK\$250,000.</p>
App 16.31(1),(2) GR 18.40(1),(2)	<p>Major customers and suppliers</p> <p>Details of the Group's transactions with its major suppliers and customers during the year are set out below:</p> <p>The Group has continued to search for suitable suppliers to source its raw materials. The Group has successfully reduced purchases from its largest supplier from 20% of total purchases in 2011 to 10% in the current year. In 2012, the five largest suppliers comprised 34% (2011: 45%) of the Group's total purchases, evidencing the purchasing department's commitment to ensuring that the Group is not dependent on any one supplier, and that our purchases are at a fair market price.</p>
App 16.31(3),(4) GR 18.40(3),(4)	<p>In 2012, the Group's largest customer accounted for 11% (2011: 13%) of its turnover. The five largest customers remain the same as 2011, although their combined contribution to total sales has decreased slightly from 25% in 2011 to 20% in the current year.</p>
App 16.31(5) GR 18.40(5)	<p>At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.</p>

Source	Hong Kong GAAP Limited
	Directors' report - continued
s129D(3)(l)	Events after the reporting period
	Details of significant events occurring after the reporting period are set out in note 61 to the consolidated financial statements.
	Auditor
	A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.
s129D(2)	On behalf of the Board
	<u>Gary D.K. Wong</u>
	Chairman
	10 February 2013

Source	Hong Kong GAAP Limited
Clarified HKSA 700(21)	<p>INDEPENDENT AUDITOR'S REPORT</p>
	<p>Deloitte. 德勤</p>
Clarified HKSA 700(22)	<p>TO THE [MEMBERS/SHAREHOLDERS] OF HONG KONG GAAP LIMITED (incorporated in Bermuda with limited liability)</p>
Clarified HKSA 700(23)	<p>We have audited the consolidated financial statements of Hong Kong GAAP Limited (the 'Company') and its subsidiaries (collectively referred to as the 'Group') set out on pages 33 to 153, which comprise the consolidated statement of financial position as at 31 December 2012, and the [consolidated income statement,] consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.</p>
Clarified HKSA 700(25) Clarified HKSA 700(26), (27)	<p>Directors' Responsibility for the Consolidated Financial Statements</p> <p>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.</p>
Clarified HKSA 700(28) Clarified HKSA 700(29) Clarified HKSA 700(30) Professional Risk Management Bulletin No. 2	<p>Auditor's Responsibility</p> <p>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.</p>
Clarified HKSA 700(31), (32)	<p>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.</p>
Clarified HKSA 700(33)	<p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.</p>
Clarified HKSA 700(34) Clarified HKSA 700(35)	<p>Opinion</p> <p>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 of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.</p>
Clarified HKSA 700(40), (A37)	<p>Deloitte Touche Tohmatsu Certified Public Accountants</p>
Clarified HKSA 700(42)	<p>Hong Kong</p>
Clarified HKSA 700(41)	<p>10 February 2013</p>

Source	Hong Kong GAAP Limited		
HKAS 1.10(b), 81(a), 51(b),(c)	Consolidated statement of comprehensive income for the year ended 31 December 2012		
			[Alt 1]
HKAS 1.38, 113	Notes	Year ended 31/12/12	Year ended 31/12/11
HKAS 1.51(d),(e)		HK\$'000	HK\$'000 (restated)
	Continuing operations		
HKAS 1.82(a)	Revenue	5	140,918
HKAS 1.85, 99	Cost of sales		(87,897)
HKAS 1.85	Gross profit		53,021
HKAS 1.85	Investment and other income	7	3,608
HKAS 1.85	Other gains and losses	8	(1,128)
HKAS 1.99	Distribution and selling expenses		(11,520)
HKAS 1.99	Administrative expenses		(9,380)
HKAS 1.82(b)	Finance costs	9	(4,178)
HKAS 1.99	Other expenses		(1,280)
HKAS 1.82(c)	Share of profits of associates	24	1,186
HKAS 1.85	Gain recognised on disposal of an associate	24	581
HKAS 1.85	Profit before tax		30,910
HKAS 1.82(d)	Income tax expense	10	(11,642)
HKAS 1.85	Profit for the year from continuing operations	13	19,268
	Discontinued operations		
HKAS 1.82(e)	Profit for the year from discontinued operations	11	8,310
HKAS 1.82(f)	Profit for the year		27,578
	Other comprehensive income, net of income tax		
		45	
HKAS 1.82(g)	Exchange differences on translating foreign operations		(191)
HKAS 1.82(g)	Net (loss)/gain on available-for-sale financial assets		(300)
HKAS 1.82(g)	Net gain on hedging instruments in cash flow hedges		36
HKAS 1.82(h)	Share of other comprehensive income of associates		-
HKAS 1.85	Other comprehensive income for the year, net of income tax		(455)
HKAS 1.82(i)	Total comprehensive income for the year		27,123
	Profit for the year attributable to:		
HKAS 1.83(a)(ii)	Owners of the Company		23,578
HKAS 1.83(a)(i)	Non-controlling interests		4,000
			27,578
	Total comprehensive income for the year attributable to:		
HKAS 1.83(b)(ii)	Owners of the Company		23,123
HKAS 1.83(b)(i)	Non-controlling interests		4,000
			27,123

Note: The format outlined above aggregates expenses according to their function. See next page for discussion of the format of the statement of comprehensive income.

Source	Hong Kong GAAP Limited			
		Consolidated statement of comprehensive income for the year ended 31 December 2012 – continued		[Alt 1] continued
		Note	Year ended 31/12/12	Year ended 31/12/11 (restated)
App 16.4(1)(g) GR 18.50B(1)(m)	Earnings per share	17		
	From continuing and discontinued operations			
HKAS 33.66	Basic (HK cents per share)		<u>104.8</u>	<u>119.6</u>
HKAS 33.66	Diluted (HK cents per share)		<u>99.2</u>	<u>118.8</u>
	From continuing operations			
HKAS 33.66	Basic (HK cents per share)		<u>67.9</u>	<u>76.2</u>
HKAS 33.66	Diluted (HK cents per share)		<u>64.3</u>	<u>75.5</u>
HKAS 1.90&94	Note: <i>One statement vs. two statements</i>			
	<i>Alt 1 above illustrates the presentation of profit and loss items, and other comprehensive income items, in one statement. Alt 2 (see next pages) illustrates the presentation of profit and loss items, and other comprehensive income items, in two separate statements.</i>			
	<i>The presentation does not affect whether the items should be recognised in profit or loss or in other comprehensive income. The only difference between the one-statement and the two-statement approaches is that, for the latter, a total is struck in the separate income statement at 'profit for the year' (this is the same amount as is presented as a sub-total under the one-statement approach). This 'profit for the year' is then the starting point for the statement of comprehensive income, which is required to be presented immediately following the income statement. Under the two-statement approach, the analysis of 'profit for the year' between the amount attributable to the owners of the parent and the amount attributable to non-controlling interests is presented as part of the separate income statement.</i>			
	Presentation options for reclassification adjustments			
	<i>In addition, in accordance with HKAS 1.94, an entity may present reclassification adjustments in the statement of comprehensive income or in the notes. In Alt 1 above, the entity has elected to present reclassification adjustments in the notes. Alt 2 (see next pages) illustrates the presentation of reclassification adjustments in the statement of comprehensive income.</i>			
	Presentation options for income tax relating to items of other comprehensive income			
	<i>Furthermore, for the components of other comprehensive income, additional presentation options are available as follows: the individual components of other comprehensive income may be presented net of tax in the statement of comprehensive income (as illustrated on the previous page), or they may be presented gross with a single line deduction for tax (see Alt 2). Whichever option is selected, the income tax relating to each component of other comprehensive income must be disclosed, either in the statement of comprehensive income or in the notes (see note 45).</i>			

Source	Hong Kong GAAP Limited			
HKAS 1.10(b), 81(b), 51(b),(c)	Consolidated income statement for the year ended 31 December 2012			[Alt 2]
HKAS 1.38, 113		Notes	Year ended 31/12/12	Year ended 31/12/11
HKAS 1.51(d),(e)			HK\$'000	HK\$'000 (restated)
	Continuing operations			
HKAS 1.82(a)	Revenue	5	140,918	151,840
HKAS 1.85	Investment and other income	7	3,608	2,351
HKAS 1.85	Other gains and losses	8	(1,128)	(173)
HKAS 1.99	Changes in inventories of finished goods and work in progress		(7,134)	2,118
HKAS 1.99	Raw materials and consumables used		(67,625)	(84,037)
HKAS 1.99	Depreciation and amortisation expenses	13	(12,412)	(13,878)
HKAS 1.99	Employee benefits expense	13	(9,869)	(11,563)
HKAS 1.82(b)	Finance costs	9	(4,178)	(6,313)
HKAS 1.99	Other expenses		(13,037)	(9,816)
HKAS 1.82(c)	Share of profits of associates	24	1,186	1,589
HKAS 1.85	Gain recognised on disposal of an associate	24	581	-
HKAS 1.85	Profit before tax		30,910	32,118
HKAS 1.82(d)	Income tax expense	10	(11,642)	(11,836)
HKAS 1.85	Profit for the year from continuing operations	13	19,268	20,282
	Discontinued operations			
HKAS 1.82(e)	Profit for the year from discontinued operations	11	8,310	9,995
HKAS 1.82(f)	Profit for the year		27,578	30,277
	Attributable to:			
HKAS 1.83(a)(ii)	Owners of the Company		23,578	27,514
HKAS 1.83(a)(i)	Non-controlling interests		4,000	2,763
			27,578	30,277
App 16.4(1)(g) GR18.50B(1)(m)	Earnings per share	17		
	From continuing and discontinued operations			
HKAS 33.66, 67A	Basic (cents per share)		104.8	119.6
HKAS 33.66, 67A	Diluted (cents per share)		99.2	118.8
	From continuing operations			
HKAS 33.66, 67A	Basic (cents per share)		67.9	76.2
HKAS 33.66, 67A	Diluted (cents per share)		64.3	75.5
	<i>Note: The format outlined above aggregates expenses according to their nature.</i>			
	<i>See the previous page for a discussion of the format of the statement of comprehensive income. Note that where the two-statement approach is adopted (above and on the next page), as required by HKAS 1.12, the income statement must be displayed immediately before the statement of comprehensive income.</i>			

Section 2

Source	Hong Kong GAAP Limited		
HKAS 1.10(b), 81(b), 51(b),(c)	Consolidated statement of comprehensive income for the year ended 31 December 2012		[Alt 2] continued
HKAS 1.38, 113		Note	
			Year ended 31/12/12
HKAS 1.51(d),(e)			Year ended 31/12/11
			HK\$'000
			HK\$'000 (restated)
HKAS 1.82(f)	Profit for the year		<u>27,578</u>
	Other comprehensive income	45	
HKAS 1.82(g)	Exchange differences on translating foreign operations		
	Exchange differences arising during the year		(71)
	Reclassification adjustments relating to foreign operations disposed of during the year		<u>(120)</u>
			<u>(191)</u>
HKAS 1.82(g)	Available-for-sale financial assets		
	Net (loss)/gain arising on revaluation of available-for-sale financial assets during the year		(400)
	Reclassification upon impairment		-
	Reclassification adjustments relating to available-for-sale financial assets disposed of during the year		<u>-</u>
			<u>(400)</u>
HKAS 1.82(g)	Cash flow hedges		
	Gains arising during the year		406
	Reclassification adjustments for amounts recognised in profit or loss		<u>(355)</u>
			<u>51</u>
HKAS 1.82(h)	Share of other comprehensive income of associates		-
	Income tax relating to components of other comprehensive income		<u>85</u>
HKAS 1.82(i)	Total comprehensive income for the year		<u>27,123</u>
	Attributable to:		
HKAS 1.83(b)(ii)	Owners of the Company		23,123
HKAS 1.83(b)(i)	Non-controlling interests		<u>4,000</u>
			<u>27,123</u>
			<u>30,547</u>

Source	Hong Kong GAAP Limited				
HKAS 1.10(a), 81(b), 51(b),(c)	Consolidated statement of financial position at 31 December 2012				
HKAS 1.38, 113 HKAS 1.51(d),(e)	Notes	31/12/12 HK\$'000	31/12/11 HK\$'000 (restated)	01/01/11 HK\$'000 (restated)	
HKAS 1.60	Non-current assets				
HKAS 1.54(a)	Property, plant and equipment	18	111,583	137,211	164,503
HKAS 1.55	Prepaid lease payments	19	2,300	2,400	2,500
HKAS 1.54(b)	Investment properties	20	2,086	1,942	1,670
HKAS 1.55	Goodwill	21	20,285	24,060	23,920
HKAS 1.54(c)	Other intangible assets	23	9,739	11,325	12,523
HKAS 1.54(e)	Interests in associates	24	7,319	7,270	5,706
HKAS 1.54(d), 55	Held-to-maturity investments	26	2,059	1,658	1,212
HKAS 1.54(d), 55	Available-for-sale investments	27	5,600	4,857	3,403
HKAS 1.54(o), 56	Deferred tax assets	42	1,714	1,023	1,726
HKAS 1.55	Finance lease receivables	28	830	717	739
HKAS 1.54(d)	Other financial assets	41	212	140	135
			<u>163,727</u>	<u>192,603</u>	<u>218,037</u>
HKAS 1.60	Current assets				
HKAS 1.54(g)	Inventories	29	19,554	20,938	25,112
HKAS 1.54(h)	Trade and other receivables	30	20,995	14,792	12,357
HKAS 1.55	Finance lease receivables	28	198	188	182
HKAS 1.55	Amounts due from directors	32	656	107	82
HKAS 1.55	Amounts due from customers for contract work	31	240	230	220
HKAS 1.54(d), 55	Held-to-maturity investments	26	4,804	3,604	2,200
HKAS 1.54(d), 55	Held-for-trading investments	33	12,480	8,448	6,201
HKAS 1.55	Pledged bank deposits	34	2,000	2,000	2,000
HKAS 1.54(d)	Other financial assets	41	316	257	201
HKAS 1.54(n)	Current tax assets		125	60	81
HKAS 1.54(i)	Cash and bank balances	34	20,836	22,388	7,582
			<u>82,204</u>	<u>73,012</u>	<u>56,218</u>
HKAS 1.54(j)	Assets classified as held for sale	12	22,336	-	-
			<u>104,540</u>	<u>73,012</u>	<u>56,218</u>
HKAS 1.60	Current liabilities				
HKAS 1.54(k)	Trade and other payables	35	12,087	20,488	53,162
HKAS 1.55	Amounts due to customers for contract work	31	36	15	12
HKAS 1.54(m),55	Borrowings	36	22,446	25,600	33,618
HKAS 1.54(m),55	Loan from government	37	2,798	-	-
HKAS 1.54(m)	Other financial liabilities	41	116	18	-
HKAS 1.54(n)	Current tax liabilities		5,270	5,868	4,910
HKAS 1.54(l)	Provisions	40	3,356	3,195	2,235
HKAS 1.55	Deferred revenue	43	355	240	63
HKAS 1.55	Obligations under finance leases	39	9	54	72
HKAS 1.54(m),55	Bank overdrafts	34	538	378	312
			<u>47,011</u>	<u>55,856</u>	<u>94,384</u>
HKAS 1.54(p)	Liabilities directly associated with assets classified as held for sale	12	3,684	-	-
			<u>50,695</u>	<u>55,856</u>	<u>94,384</u>
App 16.4(2)(d) GR 18.50B(2)(d)	Net current assets/(liabilities)		<u>53,845</u>	<u>17,156</u>	<u>(38,166)</u>
App 16.4(2)(e) GR 18.50B(2)(e)	Total assets less current liabilities		<u>217,572</u>	<u>209,759</u>	<u>179,871</u>

Source	Hong Kong GAAP Limited				
	Consolidated statement of financial position at 31 December 2012				
		<u>Notes</u>	<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000 (restated)	<u>01/01/11</u> HK\$'000 (restated)
	Capital and reserves				
HKAS 1.55	Share capital	44	17,819	23,005	23,005
HKAS 1.55	Share premium and reserves	45	<u>128,524</u>	<u>122,806</u>	<u>101,163</u>
HKAS 1.54(r)	Equity attributable to owners of the Company		146,343	145,811	124,168
HKAS 1.54(q)	Non-controlling interests	45	<u>25,511</u>	<u>21,200</u>	<u>18,437</u>
	Total equity		<u>171,854</u>	<u>167,011</u>	<u>142,605</u>
HKAS 1.60	Non-current liabilities				
HKAS 1.54(m),55	Borrowings	36	31,178	31,713	28,014
HKAS 1.54(m),55	Loan from government	37	-	2,610	-
HKAS 1.54(m),55	Convertible notes	38	4,144	-	-
HKAS 1.55	Retirement benefit obligations	46	1,695	1,195	739
HKAS 1.54(o)	Deferred tax liabilities	42	6,303	4,667	4,319
HKAS 1.54(l)	Provisions	40	2,294	2,231	4,102
HKAS 1.55	Deferred revenue	43	24	297	41
HKAS 1.55	Obligations under finance leases	39	5	35	51
HKAS 1.54(m)	Other financial liabilities	41	<u>75</u>	<u>-</u>	<u>-</u>
			<u>45,718</u>	<u>42,748</u>	<u>37,266</u>
			<u>217,572</u>	<u>209,759</u>	<u>179,871</u>
HKAS 10.17 s129B(1)	The consolidated financial statements on pages 33 to 153 were approved and authorised for issue by the Board of Directors on 10 February 2013 and are signed on its behalf by:				
	<u>Gary D.K.Wong</u> (Chairman and Managing Director)		<u>Daniel D.D. Lee</u> (Director)		
	<p><i>Note: HKAS 1.10(f) requires that an entity presents a statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.</i></p> <p><i>As part of the Annual Improvements to HKFRSs 2009-2011 Cycle, HKAS 1 Presentation of Financial Statements has been revised to provide guidance on when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes should be presented in the financial statements. Based on the amendments, an entity is required to present a third statement of financial position if:</i></p> <p><i>(a) it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and</i></p> <p><i>(b) the retrospective application, retrospective restatement or the reclassification has a material effect on the information in the third statement of financial position.</i></p> <p><i>Other than disclosures of certain specified information as required by HKAS 1.41-44 and HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the related notes to the third statement of financial position are not required to be disclosed.</i></p> <p><i>In this model, it is assumed that the application of the amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets has resulted in a material retrospective restatement of certain items in the financial statements (see note 2). As such, a third statement of financial position has been presented.</i></p>				

Source Hong Kong GAAP Limited

HKAS 1.10(c),
51(b),(c)
HKAS 1.106 Consolidated statement of changes in equity
for the year ended 31 December 2012

	Attributable to owners of the Company											
	Share capital	Share premium	Investments revaluation reserve	Share options reserve	Cash flow hedging reserve	Foreign currency translation reserve	Convertible notes equity reserve	Retained earnings	Subtotal	Attributable to non-controlling interests	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
HKAS 1.51(d),(e)												
Balance at 1 January 2011 (as previously reported)	23,005	26,474	470	-	242	140	-	73,578	123,909	18,437	142,346	
Adjustments (see note 2)	-	-	-	-	-	-	-	259	259	-	259	
Balance at 1 January 2011 (restated)	23,005	26,474	470	-	242	140	-	73,837	124,168	18,437	142,605	
Profit for the year	-	-	-	-	-	-	-	27,514	27,514	2,763	30,277	
Other comprehensive income for the year	-	-	57	-	36	177	-	-	270	-	270	
Total comprehensive income for the year	-	-	57	-	36	177	-	27,514	27,784	2,763	30,547	
Recognition of equity-settled share-based payments	-	-	-	246	-	-	-	-	246	-	246	
Payment of dividends	-	-	-	-	-	-	-	(6,387)	(6,387)	-	(6,387)	
Balance at 31 December 2011 (restated)	23,005	26,474	527	246	278	317	-	94,964	145,811	21,200	167,011	
Profit for the year	-	-	-	-	-	-	-	23,578	23,578	4,000	27,578	
Other comprehensive income (expense) for the year	-	-	(300)	-	36	(191)	-	-	(455)	-	(455)	
Total comprehensive income (expense) for the year	-	-	(300)	-	36	(191)	-	23,578	23,123	4,000	27,123	
Non-controlling interests arising on the acquisition of Subsix Limited (see note 50)	-	-	-	-	-	-	-	-	-	132	132	
Additional non-controlling interests arising on disposal of interest in Subone Limited (see note 59)	-	-	-	-	-	-	-	-	-	179	179	
Difference arising on disposal of interest in Subone Limited (see note 59)	-	-	-	-	-	-	-	34	34	-	34	
Recognition of equity-settled share-based payments	-	-	-	218	-	-	-	-	218	-	218	
Issue of ordinary shares under employee share option plan	314	433	-	(285)	-	-	-	-	462	-	462	
Recognition of the equity component of convertible notes	-	-	-	-	-	-	834	-	834	-	834	
Transaction costs attributable to issue of new ordinary shares	-	(6)	-	-	-	-	-	-	(6)	-	(6)	
Repurchase of ordinary shares	(5,500)	(11,247)	-	-	-	-	-	(555)	(17,302)	-	(17,302)	
Transaction costs attributable to repurchase of ordinary shares	-	(227)	-	-	-	-	-	-	(227)	-	(227)	
Income tax relating to transactions with owners of the Company	-	-	-	-	-	-	(208)	-	(208)	-	(208)	
Payment of dividends	-	-	-	-	-	-	-	(6,396)	(6,396)	-	(6,396)	
Balance at 31 December 2012	17,819	15,427	227	179	314	126	626	111,625	146,343	25,511	171,854	

Section 2

Source	Hong Kong GAAP Limited		
HKAS 1.10(d), 51(b),(c)	Consolidated statement of cash flows for the year ended 31 December 2012		[Alt 1]
HKAS 1.38, 113	<u>Notes</u>	Year ended <u>31/12/12</u>	Year ended <u>31/12/11</u>
HKAS 1.51(d),(e) HKAS 7.10		HK\$'000	HK\$'000
HKAS 7.18(a)	Cash flows from operating activities		
	Receipts from customers	208,302	213,925
	Payments to suppliers	(154,675)	(167,097)
	Payments to employees	(9,300)	(11,500)
	Net cash outflow from held-for-trading investments	<u>(4,032)</u>	<u>(2,247)</u>
	Cash generated from operations	40,295	33,081
HKAS 7.31	Interest paid	(3,945)	(6,340)
HKAS 7.35	Income taxes paid	<u>(13,123)</u>	<u>(12,816)</u>
	Net cash generated by operating activities	<u>23,227</u>	<u>13,925</u>
HKAS 7.10	Cash flows from investing activities		
	Purchase of held-to-maturity investments	(5,601)	(4,850)
	Redemption of held-to-maturity investments	4,000	3,000
	Purchase of available-for-sale investments	(783)	(1,378)
HKAS 7.31	Interest received	2,563	1,153
	Other investment income received	889	1,044
HKAS 7.37	Dividends received from associates	113	25
HKAS 7.31	Other dividends received	156	154
	Amounts advanced to related parties	(5,637)	(4,311)
	Repayments by related parties	5,088	4,286
	Payments for property, plant and equipment	(20,183)	(11,552)
	Proceeds from disposal of property, plant and equipment	10,262	21,245
	Payments for investment properties	(100)	(32)
	Proceeds from disposal of investment properties	-	58
	Payments for intangible assets	(6)	(358)
	(Additions)/repayments of finance lease receivables	(123)	16
HKAS 7.39	Net cash outflow on acquisition of subsidiaries	50 (877)	-
HKAS 7.39	Net cash inflow on disposal of a subsidiary	51 7,566	-
	Net cash (used in)/generated by investing activities	<u>(2,673)</u>	<u>8,500</u>
HKAS 7.10	Cash flows from financing activities		
	Proceeds from issue of equity shares	462	-
	Proceeds from issue of convertible notes	4,950	-
	Payment for transaction costs attributable to issue of new ordinary shares	(6)	-
	Payment for repurchase of ordinary shares	(17,302)	-
	Payment for transaction costs attributable to repurchase of ordinary shares	(227)	-
	Proceeds from borrowings	20,122	26,798
	Repayment of borrowings	(23,811)	(31,117)
	Proceeds from a government loan	-	3,000
HKAS 7.42A	Proceeds on disposal of partial interest in a subsidiary (without losing control)	213	-
	Repayment of obligations under finance leases	(75)	(34)
HKAS 7.31	Dividends paid to owners of the Company	<u>(6,396)</u>	<u>(6,387)</u>
	Net cash used in financing activities	<u>(22,070)</u>	<u>(7,740)</u>
	Net (decrease) increase in cash and cash equivalents	(1,516)	14,685
	Cash and cash equivalents at the beginning of year	22,010	7,270
HKAS 7.28	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>(21)</u>	<u>55</u>
	Cash and cash equivalents at the end of year	52 20,473	22,010

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

Source	Hong Kong GAAP Limited		
HKAS 1.10(d), 51(b),(c)	Consolidated statement of cash flows for the year ended 31 December 2012		[Alt 2]
HKAS 1.38, 113		Year ended 31/12/12	Year ended 31/12/11
HKAS 1.51(d),(e) HKAS 7.10		HK\$'000	HK\$'000 (restated)
HKAS 7.18(b)	Cash flows from operating activities		
	Profit for the year	27,578	30,277
	Adjustments for:		
	Income tax expense recognised in profit or loss	14,651	14,834
	Share of profits of associates	(1,186)	(1,589)
	Finance costs recognised in profit or loss	4,178	6,313
	Investment and other income recognised in profit or loss	(3,608)	(2,351)
	Gain on disposal of property, plant and equipment	(6)	(67)
	Gain arising on change in fair value of investment properties	(50)	(298)
	Gain on disposal of a subsidiary	(1,789)	-
	Gain recognised on disposal of an associate	(581)	-
	(Gain)/loss on sale of available-for-sale financial assets	-	-
	Impairment loss on available-for-sale financial assets	-	-
	Impairment loss recognised on trade receivables	63	430
	Reversal of impairment loss on trade receivables	(103)	-
	Depreciation and amortisation of non-current assets	14,179	17,350
	Impairment loss on non-current assets	1,439	-
	Net foreign exchange (gain)/loss	(78)	166
	Expense recognised in respect of equity-settled share- based payments	218	246
	Gain arising on effective settlement of legal claim against Subseven Limited	(40)	-
		54,865	65,311
	Movements in working capital		
	Increase in trade and other receivables	(8,207)	(2,158)
	Decrease / (increase) in amount due from customers for contract work	11	(7)
	Decrease in inventories	1,384	4,174
	Increase in held-for-trading investments	(4,032)	(2,247)
	Decrease in trade and other payables	(3,792)	(31,514)
	Increase/(decrease) in provisions	224	(911)
	(Decrease)/increase in deferred revenue	(158)	433
	Cash generated from operations	40,295	33,081
HKAS 7.31	Interest paid	(3,945)	(6,340)
HKAS 7.35	Income taxes paid	(13,123)	(12,816)
	Net cash generated by operating activities	23,227	13,925

Section 2

Source	Hong Kong GAAP Limited			
	Consolidated statement of cash flows for the year ended 31 December 2012			[Alt 2] continued
		<u>Notes</u>	Year ended <u>31/12/12</u> HK\$'000	Year ended <u>31/12/11</u> HK\$'000
HKAS 7.10	Cash flows from investing activities			
	Purchase of held-to-maturity investments		(5,601)	(4,850)
	Redemption of held-to-maturity investments		4,000	3,000
	Purchase of available-for-sale investments		(783)	(1,378)
HKAS 7.31	Interest received		2,563	1,153
	Other investment income received		889	1,044
HKAS 7.37	Dividends received from associates		113	25
HKAS 7.31	Other dividends received		156	154
	Amounts advanced to related parties		(5,637)	(4,311)
	Repayments by related parties		5,088	4,286
	Payments for property, plant and equipment		(20,183)	(11,552)
	Proceeds from disposal of property, plant and equipment		10,262	21,245
	Payments for investment properties		(100)	(32)
	Proceeds from disposal of investment properties		-	58
	Payments for intangible assets		(6)	(358)
	(Additions)/repayments of finance lease receivables		(123)	16
HKAS 7.39	Net cash outflow on acquisition of subsidiaries	50	(877)	-
HKAS 7.39	Net cash inflow on disposal of a subsidiary	51	7,566	-
	Net cash (used in)/generated by investing activities		<u>(2,673)</u>	<u>8,500</u>
HKAS 7.10	Cash flows from financing activities			
	Proceeds from issue of equity shares		462	-
	Proceeds from issue of convertible notes		4,950	-
	Payment for transaction costs attributable to issue of new ordinary shares		(6)	-
	Payment for repurchase of ordinary shares		(17,302)	-
	Payment for transaction costs attributable to repurchase of ordinary shares		(227)	-
	Proceeds from borrowings		20,122	26,798
	Repayment of borrowings		(23,811)	(31,117)
	Proceeds from a government loan		-	3,000
HKAS 7.42A	Proceeds on disposal of partial interest in a subsidiary (without losing control)		213	-
	Repayment of obligations under finance leases		(75)	(34)
HKAS 7.31	Dividends paid to owners of the Company		(6,396)	(6,387)
	Net cash used in financing activities		<u>(22,070)</u>	<u>(7,740)</u>
	Net (decrease) increase in cash and cash equivalents		(1,516)	14,685
	Cash and cash equivalents at the beginning of year		22,010	7,270
HKAS 7.28	Effects of exchange rate changes on the balance of cash held in foreign currencies		(21)	55
	Cash and cash equivalents at the end of year	52	<u>20,473</u>	<u>22,010</u>

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

Source	Hong Kong GAAP Limited
HKAS 1.10(e), 51(b),(c)	<p>Notes to the consolidated financial statements for the year ended 31 December 2012</p>
	<p>1. General information</p>
HKAS 1.138(a), (c) HKAS 24.13	<p>Hong Kong GAAP Limited (the Company) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. Its parent and ultimate holding company is Group Holdings Limited (incorporated in the British Virgin Islands). Its ultimate controlling party is Mr. Gary D.K. Wong. 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.</p>
HKAS 1.138(b)	<p>The principal activities of the Company and its subsidiaries (the Group) are described in note 6.</p>
HKAS 21.53	<p>The consolidated financial statements are presented in Hong Kong dollars (HK\$), which is the same as the functional currency of the Company.</p>
	<p>2. Application of new and revised Hong Kong Financial Reporting Standards ('HKFRSs')</p>
HKAS 8.28	<p>The accounting policies and methods of computation used in these financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011, except for the following amendments to HKFRSs that the Group has applied for the first time in the current year and which have a material effect on the amounts reported and/or the presentation and disclosures set out in these financial statements.</p>
HKAS 8.28	<p>Amendments to HKAS 12 <i>Deferred Tax: Recovery of Underlying Assets</i></p> <p>The Group has applied for the first time the amendments to HKAS 12 <i>Deferred Tax: Recovery of Underlying Assets</i> in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 <i>Investment Property</i> are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes unless the presumption is rebutted.</p> <p>The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to HKAS 12 is not rebutted. The application of the amendments to HKAS 12 has resulted in the Group not recognising any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on disposal of its investment properties. Previously, the Group recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use. The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being decreased by HK\$259,000 as at 1 January 2011 with the corresponding credit being recognised in retained earnings. Similarly, the deferred tax liabilities have been decreased by HK\$308,000 as at 31 December 2011.</p> <p>In the current year, no deferred taxes have been provided for changes in fair value of the Group's investment properties. The change in accounting policy has resulted in the Group's income tax expense for the years ended 31 December 2012 and 31 December 2011 being reduced by HK\$8,000 and HK\$49,000 respectively and hence resulted in profit for the years ended 31 December 2012 and 31 December 2011 being increased by HK\$8,000 and HK\$49,000 respectively.</p>
HKFRS 3.24 HKFRS 3.32	<p><i>Note: When an investment property was acquired as part of a business combination that took place in a prior year, the corresponding adjustments will also include an adjustment to goodwill.</i></p>

Source	Hong Kong GAAP Limited
HKAS 8.28	<p data-bbox="363 248 935 302">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="363 331 1358 385">Amendments to HKAS 1 <i>Presentation of Financial Statements</i> (as part of the <i>Annual Improvements to HKFRSs 2009-2011 Cycle</i> issued in June 2012)</p> <p data-bbox="363 414 1426 495">Various amendments to HKFRSs were issued in June 2012, the title of which is '<i>Annual Improvements to HKFRSs (2009 – 2011 Cycle)</i>'. The effective date of these amendments is annual periods beginning on or after 1 January 2013.</p> <p data-bbox="363 524 1353 604">The Group has applied for the first time the amendments to HKAS 1 as part of the <i>Annual Improvements to HKFRSs 2009-2011 Cycle</i> in advance of the effective date (annual periods beginning on or after 1 January 2013).</p> <p data-bbox="363 633 1442 824">HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.</p> <p data-bbox="363 853 1442 992">In the current year, the Group has applied the amendments to HKAS 12 <i>Deferred Tax: Recovery of Underlying Assets</i> for the first time, which has resulted in a material effect on the information in the consolidated statement of financial position as at 1 January 2011. In accordance with the amendments to HKAS 1, the Group has therefore presented a third statement of financial position as at 1 January 2011 without the related notes.</p> <p data-bbox="363 1032 1430 1090"><i>Note: For illustration purpose, it is assumed that the application of HKAS 12 has a material effect on the information in the consolidated statement of financial position as at 1 January 2011.</i></p>
HKFRS 7.44M	<p data-bbox="363 1133 1166 1162">Amendments to HKFRS 7 <i>Disclosures – Transfers of Financial Assets</i></p> <p data-bbox="363 1191 1453 1301">The Group has applied the amendments to HKFRS 7 <i>Disclosures – Transfers of Financial Assets</i> in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.</p> <p data-bbox="363 1330 1458 1581">In the current year, the Group discounted certain trade receivables to a bank for cash. If the trade receivables are not paid at maturity, the bank has the right to request the Group to pay the unsettled balance. As the group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (see note 36). The relevant disclosures have been made regarding the transfer of these trade receivables on application of the amendments to HKFRS 7 (see note 30). In accordance with the transitional provisions set out in the amendments to HKFRS 7, the Group has not provided comparative information for the disclosures required by the amendments.</p>

Source		Hong Kong GAAP Limited	
Notes to the consolidated financial statements for the year ended 31 December 2012 – continued			
Impact of the application of amendments to HKAS 12			
Impact on profit (loss) for the year		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000
Decrease in income tax expenses and increase in profit for the year		8	49
Increase in profit for the year attributable to:			
Owners of the Company		8	49
Non-controlling interests		-	-
		8	49
Impact on net assets and equity as at 1 January 2011			
	As at 01/01/11 as previously reported HK\$'000	Amendments to HKAS12 adjustments HK\$'000	As at 01/01/11 as restated HK\$'000
Deferred tax liabilities [increase/(decrease)]	4,578	(259)	4,319
Total effect on net assets [increase/(decrease)]	142,346	259	142,605
Retained earnings [increase/(decrease)]	73,578	259	73,837
Total effect on equity [increase/(decrease)]	142,346	259	142,605
Impact on net assets and equity as at 31 December 2011			
	As at 31/12/11 as previously reported HK\$'000	Amendments to HKAS12 adjustments HK\$'000	As at 31/12/11 as restated HK\$'000
Deferred tax liabilities [increase/(decrease)]	4,975	(308)	4,667
Total effect on net assets [increase/(decrease)]	166,703	308	167,011
Retained earnings [increase/(decrease)]	94,656	308	94,964
Total effect on equity [increase/(decrease)]	166,703	308	167,011
Impact on net assets and equity as at 31 December 2012			Amendments to HKAS 12 HK\$'000
Decrease in deferred tax liabilities			316
Increase in net assets			316
Increase in retained earnings			316
Increase in equity			316

Source	Hong Kong GAAP Limited																														
HKAS 8.30 HKAS 8.31 Sch 10:17(6)(b)	<p data-bbox="365 248 940 302">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="365 331 1051 358">2.1 New and revised HKFRSs in issue but not yet effective</p> <p data-bbox="365 405 1455 539"><i>Note: Entities are required to disclose in their financial statements the potential impact of new and revised HKFRSs that have been issued but are not yet effective. The disclosures below reflect a cut-off date of 30 November 2012. The potential impact of the application of any new and revised HKFRSs issued by the HKICPA after 30 November 2012 should also be considered and disclosed.</i></p> <p data-bbox="365 584 1423 638">The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:</p> <table data-bbox="365 667 1445 1220"> <tr> <td data-bbox="365 667 794 694">HKFRS 9</td> <td data-bbox="810 667 1051 694"><i>Financial Instruments⁴</i></td> </tr> <tr> <td data-bbox="365 696 794 723">HKFRS 10</td> <td data-bbox="810 696 1195 723"><i>Consolidated Financial Statements²</i></td> </tr> <tr> <td data-bbox="365 725 794 752">HKFRS 11</td> <td data-bbox="810 725 1027 752"><i>Joint Arrangements²</i></td> </tr> <tr> <td data-bbox="365 754 794 781">HKFRS 12</td> <td data-bbox="810 754 1238 781"><i>Disclosure of Interests in Other Entities²</i></td> </tr> <tr> <td data-bbox="365 784 794 810">HKFRS 13</td> <td data-bbox="810 784 1086 810"><i>Fair Value Measurement²</i></td> </tr> <tr> <td data-bbox="365 813 794 853">Amendments to HKFRS 7</td> <td data-bbox="810 813 1406 853"><i>Disclosures – Offsetting Financial Assets and Financial Liabilities²</i></td> </tr> <tr> <td data-bbox="365 855 794 896">Amendments to HKFRS 9 and HKFRS 7</td> <td data-bbox="810 855 1382 896"><i>Mandatory Effective Date of HKFRS 9 and Transition Disclosures⁴</i></td> </tr> <tr> <td data-bbox="365 898 794 969">Amendments to HKFRS 10, HKFRS 11 and HKFRS 12</td> <td data-bbox="810 898 1414 969"><i>Consolidated Financial Statements, Joint Arrangements Disclosure of Interests in Other Entities: Transition Guidance²</i></td> </tr> <tr> <td data-bbox="365 972 794 999">HKAS 19 (as revised in 2011)</td> <td data-bbox="810 972 1027 999"><i>Employee Benefits²</i></td> </tr> <tr> <td data-bbox="365 1001 794 1028">HKAS 27 (as revised in 2011)</td> <td data-bbox="810 1001 1155 1028"><i>Separate Financial Statements²</i></td> </tr> <tr> <td data-bbox="365 1030 794 1057">HKAS 28 (as revised in 2011)</td> <td data-bbox="810 1030 1310 1057"><i>Investments in Associates and Joint Ventures²</i></td> </tr> <tr> <td data-bbox="365 1059 794 1086">Amendments to HKAS 1</td> <td data-bbox="810 1059 1406 1086"><i>Presentation of Items of Other Comprehensive Income¹</i></td> </tr> <tr> <td data-bbox="365 1088 794 1115">Amendments to HKAS 32</td> <td data-bbox="810 1088 1362 1115"><i>Offsetting Financial Assets and Financial Liabilities³</i></td> </tr> <tr> <td data-bbox="365 1117 794 1144">Amendments to HKFRSs</td> <td data-bbox="810 1117 1445 1144"><i>Annual Improvements to HKFRSs 2009-2011 Cycle except for the amendments to HKAS 1² (see note 2)</i></td> </tr> <tr> <td data-bbox="365 1146 794 1173">HK (IFRC) – Int 20</td> <td data-bbox="810 1146 1445 1173"><i>Stripping Costs in the Production Phase of a Surface Mine²</i></td> </tr> </table> <p data-bbox="365 1240 1043 1267">¹ Effective for annual periods beginning on or after 1 July 2012.</p> <p data-bbox="365 1270 1086 1296">² Effective for annual periods beginning on or after 1 January 2013.</p> <p data-bbox="365 1299 1086 1326">³ Effective for annual periods beginning on or after 1 January 2014.</p> <p data-bbox="365 1328 1086 1355">⁴ Effective for annual periods beginning on or after 1 January 2015.</p>	HKFRS 9	<i>Financial Instruments⁴</i>	HKFRS 10	<i>Consolidated Financial Statements²</i>	HKFRS 11	<i>Joint Arrangements²</i>	HKFRS 12	<i>Disclosure of Interests in Other Entities²</i>	HKFRS 13	<i>Fair Value Measurement²</i>	Amendments to HKFRS 7	<i>Disclosures – Offsetting Financial Assets and Financial Liabilities²</i>	Amendments to HKFRS 9 and HKFRS 7	<i>Mandatory Effective Date of HKFRS 9 and Transition Disclosures⁴</i>	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	<i>Consolidated Financial Statements, Joint Arrangements Disclosure of Interests in Other Entities: Transition Guidance²</i>	HKAS 19 (as revised in 2011)	<i>Employee Benefits²</i>	HKAS 27 (as revised in 2011)	<i>Separate Financial Statements²</i>	HKAS 28 (as revised in 2011)	<i>Investments in Associates and Joint Ventures²</i>	Amendments to HKAS 1	<i>Presentation of Items of Other Comprehensive Income¹</i>	Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities³</i>	Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2009-2011 Cycle except for the amendments to HKAS 1² (see note 2)</i>	HK (IFRC) – Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine²</i>
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HKAS 8.30(a) HKAS 8.30(b)	<p data-bbox="365 1377 732 1404">HKFRS 9 Financial Instruments</p> <p data-bbox="365 1435 1423 1516">HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.</p> <p data-bbox="365 1552 927 1579">Key requirements of HKFRS 9 are described below:</p> <ul data-bbox="365 1615 1445 2089" style="list-style-type: none"> <li data-bbox="365 1615 1445 1892">• All recognised financial assets that are within the scope of HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss. <li data-bbox="365 1921 1445 2089">• With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit 																														

Source	Hong Kong GAAP Limited
<p>HKAS 8.30(a) HKAS 8.30(b)</p>	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.</p> <p>HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.</p> <p>The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investments in redeemable notes that are currently classified as available-for-sale investments may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. Changes in fair value of financial liabilities attributable to changes in credit risk of financial liabilities that are designated as at fair value through profit or loss are disclosed in note 49.</p> <p>New and revised standards on consolidation, joint arrangements, associates and disclosures</p> <p>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).</p> <p>Key requirements of these five standards are described below.</p> <p>HKFRS 10 replaces the parts of HKAS 27 <i>Consolidated and Separate Financial Statements</i> that deal with consolidated financial statements. HK (SIC)-Int 12 <i>Consolidation – Special Purpose Entities</i> 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.</p> <p>HKFRS 11 replaces HKAS 31 <i>Interests in Joint Ventures</i>. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 <i>Jointly Controlled Entities – Non-monetary Contributions by Venturers</i> 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.</p> <p>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.</p> <p>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.</p> <p>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 all of these standards are applied at the same time.</p> <p>The directors anticipate that the application of these five standards may have a significant impact on amounts reported in the consolidated financial statements. For example, the application of HKFRS 10 may affect the accounting for the Group's 45% ownership interest in C Plus Limited that is currently classified as the Group's associate. Taking into account the new definition of control and the additional guidance on control set out in HKFRS 10, the application of HKFRS 10 may result in C Plus Limited being treated as the Group's subsidiary. If C Plus Limited is consolidated as the Group's subsidiary, the assets and liabilities as well as income and expenses of C Plus Limited will be presented as separate line items in the consolidated statement of financial position and in the consolidated statement of comprehensive income respectively, rather than being presented as one</p>

Source	Hong Kong GAAP Limited
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>line item in the Group's consolidated financial statements. A detailed review will be performed by the directors to determine and quantify the impact on the application of HKFRS 10.</p> <p>The application of HKFRS 11 will change the classification and subsequent accounting of the Group's investment in A JV Limited and B JV Limited, which are currently classified as jointly controlled entities under HKAS 31 and have been accounted for using the proportionate consolidation method. Under HKFRS 11, A JV Limited and B JV Limited will be classified as joint ventures and will be accounted for using the equity method, resulting in the aggregation of the Group's proportionate share of A JV Limited's and B JV Limited's respective net assets and items of profit or loss and other comprehensive income into a single line item which will be presented in the consolidated statement of financial position and in the consolidated statement of comprehensive income as 'investment in joint ventures' and 'share of profits (loss) of joint ventures' respectively. The summarised financial information in respect of A JV Limited and B JV Limited are disclosed in note 25.</p>
<p>HKAS 8.30(a) HKAS 8.30(b)</p>	<p>HKFRS 13 Fair Value Measurement</p> <p>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 <i>Financial Instruments: Disclosures</i> will be extended by HKFRS 13 to cover all assets and liabilities within its scope.</p> <p>HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.</p> <p>The directors anticipate that the application of the new Standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.</p>
<p>HKAS 8.30(a) HKAS 8.30(b)</p>	<p>Amendments to HKFRS 7 and HKAS 32 Offsetting Financial Assets and Financial Liabilities and the related disclosures</p> <p>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'.</p> <p>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.</p> <p>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 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.</p> <p>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.</p>
<p>HKAS 8.30(a) HKAS 8.30(b)</p>	<p>HKAS 19 Employee Benefits</p> <p>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 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</p>

Source	Hong Kong GAAP Limited
	<p data-bbox="367 246 941 302">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="367 324 1436 436">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.</p> <p data-bbox="367 459 1452 772">The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application. Based on the directors' preliminary assessment, when the Group applies the amendments to HKAS 19 for the first time for the year ending 31 December 2013, profit for the year ended 31 December 2012 would be reduced by HK\$ 206,000 and the other comprehensive income for the said year would be increased by HK\$ 220,000 (1 January 2012: decrease in retained earnings of HK\$ 291,000) with the corresponding adjustments being recognised in the retirement benefit obligation. This net effect reflects a number of adjustments: a) full recognition of actuarial gains through other comprehensive income and decrease in the net pension deficit; b) immediate recognition of past service costs in profit or loss and an increase in the net pension deficit and c) reversal of the difference between the gain arising from the expected rate of return on pension plan assets and the discount rate through other comprehensive income.</p> <p data-bbox="367 795 1284 828">Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income</p> <p data-bbox="151 851 303 907">HKAS 8.30(a) HKAS 8.30(b)</p> <p data-bbox="367 851 1452 1153">The amendments to HKAS 1 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 in the other comprehensive income section: (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.</p> <p data-bbox="367 1176 1436 1265">The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.</p>
<p data-bbox="151 1344 303 1400">HKAS 8.30(a) HKAS 8.30(b)</p>	<p data-bbox="367 1288 1204 1321">Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012</p> <p data-bbox="367 1344 1436 1433">The <i>Annual Improvements to HKFRSs 2009 – 2011 Cycle</i> 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:</p> <ul data-bbox="367 1456 1077 1512" style="list-style-type: none"> • amendments to HKAS 16 <i>Property, Plant and Equipment</i>; and • amendments to HKAS 32 <i>Financial Instruments: Presentation</i>. <p data-bbox="367 1534 646 1568">Amendments to HKAS 16</p> <p data-bbox="367 1590 1452 1736">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 amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statements.</p> <p data-bbox="367 1758 646 1792">Amendments to HKAS 32</p> <p data-bbox="367 1814 1460 1937">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 <i>Income Taxes</i>. 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.</p>

Source	Hong Kong GAAP Limited
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p>
	<p>HK (IFRIC) – Int 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i></p>
<p>HKAS 8.30(a) HKAS 8.30(b)</p>	<p>HK (IFRIC) – Int 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i> applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the Interpretation, the costs from this waste removal activity (stripping) which provide improved access to ore is recognised as a non-current asset (stripping activity asset) when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with HKAS 2 <i>Inventories</i>. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.</p>
	<p>HK (IFRIC) – Int 20 is effective for annual periods beginning on or after 1 January 2013. Specific transitional provisions are provided to entities that apply HK (IFRIC) – Int 20 for the first time. However, HK (IFRIC) – Int 20 must be applied to production stripping costs incurred on or after the beginning of the earliest period presented. The directors anticipate that HK (IFRIC) – Int 20 will have no effect to the Group’s financial statements as the Group does not engage in such activities.</p>
<p>HKAS 8.30(a) HKAS 8.30(b)</p>	<p>[Describe the potential impact of the application of other new and revised HKFRSs, if any.]</p>

Source	Hong Kong GAAP Limited
HKAS 1.112(a) HKAS 1.117 App 16.5 GR 18.19	<p data-bbox="363 250 938 304">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="363 331 750 362">3. Significant accounting policies</p> <p data-bbox="363 403 1452 568"><i>Note: The following are <u>examples</u> of the types of accounting policies that might be disclosed in this entity's financial statements. Entities are required to disclose in the summary of significant accounting policies the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements. An accounting policy may be significant because of the nature of the entity's operations even if amounts for the current and prior periods are not material.</i></p> <p data-bbox="440 586 1439 721"><i>In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in the reported financial performance and financial position. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in HKFRSs.</i></p> <p data-bbox="440 739 1410 873"><i>Each entity considers the nature of its operations and the policies that users of its financial statements would expect to be disclosed for that type of entity. It is also appropriate to disclose each significant accounting policy that is not specifically required by HKFRSs, but that is selected and applied in accordance with HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.</i></p> <p data-bbox="440 891 1449 945"><i>For completeness, accounting policies have been provided for some immaterial items in these illustrative financial statements, although this is not required under HKFRSs.</i></p>
HKAS 1.16	<p data-bbox="363 990 1452 1102">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.</p>
HKAS 1.17(b)	<p data-bbox="363 1133 1410 1245">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.</p> <p data-bbox="363 1263 912 1294">The principal accounting policies are set out below.</p> <p data-bbox="363 1317 625 1348"><i>Basis of consolidation</i></p> <p data-bbox="363 1370 1410 1482">The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose 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.</p> <p data-bbox="363 1505 1426 1653">Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated [statement of comprehensive income/income statement] from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries 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.</p> <p data-bbox="363 1675 1398 1733">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.</p> <p data-bbox="363 1756 1420 1787">All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.</p>

Source	Hong Kong GAAP Limited
	<p data-bbox="363 248 941 304">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="363 331 1085 360"><i>Changes in the Group's ownership interests in existing subsidiaries</i></p> <p data-bbox="363 387 1449 555">Changes in the Group's ownership interests in existing 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.</p> <p data-bbox="363 580 1449 992">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 (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). 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 <i>Financial Instruments: Recognition and Measurement</i> or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.</p> <p data-bbox="363 1016 638 1046">Business combinations</p> <p data-bbox="363 1072 1449 1211">Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.</p> <p data-bbox="363 1236 1449 1294">At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:</p> <ul data-bbox="363 1328 1449 1675" style="list-style-type: none"> • deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 <i>Income Taxes</i> and HKAS 19 <i>Employee Benefits</i> respectively; • liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 <i>Share-based Payment</i> at the acquisition date (see the accounting policy below); and • assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> are measured in accordance with that standard. <p data-bbox="363 1709 1449 1928">Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.</p>

Source	Hong Kong GAAP Limited
	<p data-bbox="365 248 940 304">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="365 333 1433 495">Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.</p> <p data-bbox="365 524 1422 741">When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.</p> <p data-bbox="365 770 1430 960">The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>, as appropriate, with the corresponding gain or loss being recognised in profit or loss.</p> <p data-bbox="365 990 1445 1151">When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.</p> <p data-bbox="365 1180 1437 1344">If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.</p> <p data-bbox="365 1373 469 1397">Goodwill</p> <p data-bbox="365 1426 1433 1507">Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.</p> <p data-bbox="365 1536 1430 1617">For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.</p> <p data-bbox="365 1646 1430 1836">A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.</p> <p data-bbox="365 1865 1445 1921">On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.</p> <p data-bbox="365 1951 1347 1975">The Group's policy for goodwill arising on the acquisition of an associate is described below.</p>

Source	Hong Kong GAAP Limited
	<p data-bbox="363 248 940 304">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="363 331 668 360"><i>Investments in associates</i></p> <p data-bbox="363 387 1414 499">An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.</p> <p data-bbox="363 526 1437 831">The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.</p> <p data-bbox="363 857 1453 994">Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.</p> <p data-bbox="363 1021 1437 1240">The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 <i>Impairment of Assets</i> as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.</p> <p data-bbox="363 1267 1450 1572">Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.</p> <p data-bbox="363 1599 1437 1682">When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.</p> <p data-bbox="363 1709 663 1738"><i>Interests in joint ventures</i></p> <p data-bbox="363 1765 1433 1877">A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).</p>

Source	Hong Kong GAAP Limited
	<p data-bbox="365 248 940 304">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="365 331 1449 551">When a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.</p> <p data-bbox="365 577 1445 633">Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.</p> <p data-bbox="153 660 288 689">HKAS 31.57</p> <p data-bbox="365 660 1449 797">The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.</p> <p data-bbox="365 824 1449 909">Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising in a business combination (see the accounting policy above).</p> <p data-bbox="365 936 1406 1043">When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.</p> <p data-bbox="365 1070 735 1099"><i>Non-current assets held for sale</i></p> <p data-bbox="365 1126 1449 1290">Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.</p> <p data-bbox="365 1317 1449 1424">When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.</p> <p data-bbox="365 1451 1401 1507">Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.</p>
<p data-bbox="153 1541 316 1597">HKAS 18.35(a) Sch 10:16(4)</p>	<p data-bbox="365 1541 608 1570"><i>Revenue recognition</i></p> <p data-bbox="365 1597 1374 1653">Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.</p> <p data-bbox="365 1680 515 1709"><i>Sale of goods</i></p> <p data-bbox="365 1736 1433 1792">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:</p> <ul data-bbox="371 1818 1422 2016" style="list-style-type: none"> <li data-bbox="371 1818 1390 1874">• the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; <li data-bbox="371 1901 1422 1957">• the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; <li data-bbox="371 1984 943 2016">• the amount of revenue can be measured reliably;

Source	Hong Kong GAAP Limited
HKAS 11.39(b), (c)	<p data-bbox="363 248 940 304">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <ul data-bbox="368 333 1422 445" style="list-style-type: none"> • 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. <p data-bbox="363 474 1453 667">Sales of goods that result in award credits for customers, under the Group's Maxi-Points Scheme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to the fair value of the awards for which they could be redeemed. Such consideration is not recognised as revenue at the time of the initial sale transaction – but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.</p> <p data-bbox="363 696 603 723"><u>Rendering of services</u></p> <p data-bbox="363 752 1437 801">Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:</p> <ul data-bbox="368 831 1422 1081" style="list-style-type: none"> • installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period; • servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and • revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred. <p data-bbox="363 1111 1342 1167">The Group's policy for recognition of revenue from construction contracts is described at the accounting policy below.</p> <p data-bbox="363 1196 679 1223"><u>Dividend and interest income</u></p> <p data-bbox="363 1252 1453 1341">Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).</p> <p data-bbox="363 1370 1453 1509">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.</p> <p data-bbox="363 1538 523 1565"><u>Rental income</u></p> <p data-bbox="363 1594 1406 1644">The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy below.</p> <p data-bbox="363 1673 635 1700">Construction contracts</p> <p data-bbox="363 1729 1422 1895">Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.</p> <p data-bbox="363 1924 1406 2013">Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.</p> <p data-bbox="363 2042 1406 2092">When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.</p>

Source

Hong Kong GAAP Limited

**Notes to the consolidated financial statements
for the year ended 31 December 2012 – continued**

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

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

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised 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 on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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.

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

Source	Hong Kong GAAP Limited
Sch 10:12(14)	<p data-bbox="365 248 941 304">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="365 331 1414 416">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.</p> <p data-bbox="365 443 587 472">Foreign currencies</p> <p data-bbox="365 499 1437 689">In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at 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.</p> <p data-bbox="365 716 1422 772">Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:</p> <ul data-bbox="371 799 1437 1108" style="list-style-type: none"> • exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; • exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and • exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items. <p data-bbox="365 1135 1445 1355">For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).</p> <p data-bbox="365 1382 1437 1547">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.</p> <p data-bbox="365 1574 1445 1740">In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.</p> <p data-bbox="365 1767 1406 1877">Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of foreign currency translation reserve.</p> <p data-bbox="365 1904 560 1933">Borrowing costs</p> <p data-bbox="365 1960 1445 2069">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.</p>

Source	Hong Kong GAAP Limited
	<p data-bbox="368 248 940 304">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="368 333 1382 389">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.</p> <p data-bbox="368 416 1386 445">All other borrowing costs are recognised in profit or loss in the period in which they are incurred.</p>
HKAS 20.39(a)	<p data-bbox="368 472 592 501">Government grants</p> <p data-bbox="368 528 1445 584">Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.</p> <p data-bbox="368 611 1425 775">Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.</p> <p data-bbox="368 801 1425 887">Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.</p> <p data-bbox="368 913 1441 999">The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.</p>
HKAS 19.120A(a)	<p data-bbox="368 1021 651 1050">Retirement benefit costs</p> <p data-bbox="368 1077 1370 1133">Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.</p> <p data-bbox="368 1160 1437 1379">For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets as at the end of the prior year are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.</p> <p data-bbox="368 1406 1449 1547">The retirement benefit obligation recognised in the consolidated statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.</p>
LR 17.08 GR 23.08	<p data-bbox="368 1570 786 1599">Share-based payment arrangements</p> <p data-bbox="368 1626 920 1655"><u>Share-based payment transactions of the Company</u></p> <p data-bbox="368 1682 1445 1794">For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).</p> <p data-bbox="368 1821 1433 1933">At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.</p> <p data-bbox="368 1960 1366 2016">For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.</p>

Source	Hong Kong GAAP Limited
	<p data-bbox="363 248 940 304">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="363 331 1445 443">When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.</p> <p data-bbox="363 468 1206 497"><u><i>Share –based payment transactions of the acquiree in a business combination</i></u></p> <p data-bbox="363 524 1445 797">When share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group’s share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with HKFRS 2 <i>Share-based Payment</i> (‘market-based measure’) at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.</p> <p data-bbox="363 824 1445 936">However, when the acquiree awards expire as a consequence of a business combination and the Group replaces those awards when it does not have an obligation to do so, the replacement awards are measured at their market-based measure in accordance with HKFRS 2. All of the market-based measure of the replacement awards is recognised as remuneration cost for post-combination service.</p> <p data-bbox="363 963 1445 1236">At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group for its share-based payment transactions, the acquiree share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the share-based payment transaction. The balance is recognised as remuneration cost for post-combination service.</p>
Sch 10:12(15)	<p data-bbox="363 1267 469 1296"><i>Taxation</i></p> <p data-bbox="363 1323 1281 1352">Income tax expense represents the sum of the tax currently payable and deferred tax.</p> <p data-bbox="363 1379 488 1408"><u><i>Current tax</i></u></p> <p data-bbox="363 1435 1433 1570">The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the consolidated [statement of comprehensive income/income statement] 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.</p> <p data-bbox="363 1597 501 1626"><u><i>Deferred tax</i></u></p> <p data-bbox="363 1653 1445 1899">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 those deductible temporary differences can be utilised. Such deferred tax 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.</p>

Source	Hong Kong GAAP Limited
HKAS 12.51C	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>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.</p> <p>The carrying amount of deferred tax assets is reviewed at the end of each 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.</p> <p>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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.</p> <p>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.</p> <p>For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.</p> <p><u><i>Current and deferred tax for the year</i></u></p> <p>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.</p>
HKAS 16.73(a), (b)	<p><i>Property, plant and equipment</i></p> <p>Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.</p> <p>Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.</p> <p>Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.</p> <p>Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.</p>

Source	Hong Kong GAAP Limited
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>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.</p>
HKAS 40.75(a)	<p><i>Investment properties</i></p> <p>Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.</p> <p>An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.</p>
HKAS 38.118(b)	<p><i>Intangible assets</i></p> <p><u><i>Intangible assets acquired separately</i></u></p> <p>Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.</p> <p><u><i>Internally-generated intangible assets - research and development expenditure</i></u></p> <p>Expenditure on research activities is recognised as an expense in the period in which it is incurred.</p> <p>An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:</p> <ul style="list-style-type: none"> • the technical feasibility of completing the intangible asset so that it will be available for use or sale; • the intention to complete the intangible asset and use or sell it; • the ability to use or sell the intangible asset; • how the intangible asset will generate probable future economic benefits; • the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and • the ability to measure reliably the expenditure attributable to the intangible asset during its development. <p>The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.</p>
HKAS 38.118(b)	<p>Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.</p>

Source	Hong Kong GAAP Limited
HKAS 38.118(b)	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p><i>Intangible assets acquired in a business combination</i></p> <p>Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).</p> <p>Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.</p> <p><i>Derecognition of intangible assets</i></p> <p>An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.</p> <p><i>Impairment of tangible and intangible assets other than goodwill</i></p> <p>At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible 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.</p> <p>Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.</p> <p>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.</p> <p>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 the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.</p> <p>When an impairment loss subsequently reverses, the carrying amount of the asset (or 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 cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.</p>
HKAS 2.36(a)	<p><i>Inventories</i></p> <p>Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on [a first-in-first-out basis or others (please specify)]. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.</p> <p><i>Provisions</i></p> <p>Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.</p>

Source	Hong Kong GAAP Limited
HKFRS 7.21	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).</p> <p>When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.</p> <p><u>Onerous contracts</u></p> <p>Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.</p> <p><u>Restructurings</u></p> <p>A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.</p> <p><u>Warranties</u></p> <p>Provisions for the expected cost of warranty obligations under the relevant sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.</p> <p><u>Contingent liabilities acquired in a business combination</u></p> <p>Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of the subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with HKAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> and the amount initially recognised less cumulative amortisation recognised in accordance with HKAS 18 <i>Revenue</i>.</p>
	<p>Financial instruments</p> <p>Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.</p> <p>Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.</p> <p><u>Financial assets</u></p> <p>Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. 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.</p>

Source

Hong Kong GAAP Limited

**Notes to the consolidated financial statements
for the year ended 31 December 2012 – continued***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 and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

HKFRS 7.B5(e)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 49.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment (see the accounting policy in respect of impairment losses on financial assets below).

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss.

Source	Hong Kong GAAP Limited
	<p data-bbox="363 248 935 304">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="363 338 1449 474">Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).</p> <p data-bbox="363 504 1374 555">Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.</p> <p data-bbox="363 584 1437 721">AFS equity investments that 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 each reporting period (see the accounting policy in respect of impairment loss on financial assets below).</p> <p data-bbox="363 750 608 775"><i>Loans and receivables</i></p> <p data-bbox="363 804 1422 913">Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and other [please describe]) are measured at amortised cost using the effective interest method, less any impairment.</p> <p data-bbox="363 943 1445 994">Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.</p> <p data-bbox="363 1023 687 1048"><i>Impairment of financial assets</i></p> <p data-bbox="363 1077 1433 1187">Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 investment have been affected.</p> <p data-bbox="363 1216 1430 1267">For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.</p> <p data-bbox="363 1296 1185 1321">For all other financial assets, objective evidence of impairment could include:</p> <ul data-bbox="363 1350 1406 1563" style="list-style-type: none"> • significant financial difficulty of the issuer or counterparty; or • breach of contract, such as a 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 that financial asset because of financial difficulties. <p data-bbox="363 1592 1445 1753">For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.</p> <p data-bbox="363 1783 1445 1863">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 estimated future cash flows, discounted at the financial asset's original effective interest rate.</p> <p data-bbox="363 1892 1437 2002">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 (see the accounting policy below).</p>

Source	Hong Kong GAAP Limited
	<p data-bbox="363 248 938 304">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="363 338 1447 501">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. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.</p> <p data-bbox="363 528 1398 584">When an AFS 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.</p> <p data-bbox="363 611 1447 748">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 was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.</p> <p data-bbox="363 775 1414 940">In respect of AFS equity investments, impairment losses 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 in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS 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.</p>
HKFRS 7.21	<p data-bbox="363 969 813 996"><u><i>Financial liabilities and equity instruments</i></u></p> <p data-bbox="363 1023 697 1050"><u><i>Classification as debt or equity</i></u></p> <p data-bbox="363 1077 1431 1160">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.</p>
HKFRS 7.21	<p data-bbox="363 1189 568 1216"><u><i>Equity instruments</i></u></p> <p data-bbox="363 1243 1431 1326">An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.</p> <p data-bbox="363 1352 1431 1435">Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.</p>
HKFRS 7.21	<p data-bbox="363 1462 557 1489"><u><i>Convertible notes</i></u></p> <p data-bbox="363 1516 1431 1657">The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.</p> <p data-bbox="363 1684 1431 1794">At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.</p> <p data-bbox="363 1821 1431 2069">The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to [share premium/other equity [please describe]]. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to [retained profits/other equity [please describe]]. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.</p>

Source	Hong Kong GAAP Limited
HKFRS 7.B5(e)	<p data-bbox="363 248 938 304">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="363 338 1442 477">Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.</p> <p data-bbox="363 501 671 528"><i>Financial liabilities at FVTPL</i></p> <p data-bbox="363 557 1437 613">Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.</p> <p data-bbox="363 638 914 665">A financial liability is classified as held for trading if:</p> <ul data-bbox="363 694 1378 864" style="list-style-type: none"> <li data-bbox="363 694 1318 721">• it has been acquired principally for the purpose of repurchasing it in the near term; or <li data-bbox="363 750 1378 806">• on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or <li data-bbox="363 835 1230 862">• it is a derivative that is not designated and effective as a hedging instrument. <p data-bbox="363 891 1449 947">A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:</p> <ul data-bbox="363 976 1445 1283" style="list-style-type: none"> <li data-bbox="363 976 1445 1032">• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or <li data-bbox="363 1061 1433 1171">• the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or <li data-bbox="363 1200 1445 1283">• it forms part of a contract containing one or more embedded derivatives, and HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> permits the entire combined contract (asset or liability) to be designated as at FVTPL. <p data-bbox="363 1312 1426 1422">Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 49.</p> <p data-bbox="363 1451 624 1478"><i>Other financial liabilities</i></p> <p data-bbox="363 1507 1353 1563">Other financial liabilities (including borrowings and other [please describe]) are subsequently measured at amortised cost using the effective interest method.</p> <p data-bbox="363 1592 639 1619"><i>Effective interest method</i></p> <p data-bbox="363 1648 1442 1809">The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.</p> <p data-bbox="363 1839 1422 1895">Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.</p>

Source	Hong Kong GAAP Limited
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p>
HKFRS 7.21	<p><i>Derivative financial instruments</i></p> <p>Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.</p> <p><i>Embedded derivatives</i></p> <p>Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.</p>
HKFRS 7.21	<p><i>Hedge accounting</i></p> <p>The Group designates certain derivatives as hedging instruments for [fair value hedges, cash flow hedges, or hedges of net investments in foreign operations].</p> <p>At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.</p> <p><i>Fair value hedges</i></p> <p>Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.</p> <p>Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.</p> <p>Any adjustment to the carrying amount of the hedged item for the designated risk for interest-bearing financial instruments is amortised to profit or loss, with amortisation commencing no later than when the hedged item ceases to be adjusted. The amortisation is based on a recalculated effective interest rate at the date amortisation commences such that the adjustment is fully amortised by maturity.</p> <p><i>Cash flow hedges</i></p> <p>The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.</p> <p>Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in the cash flow hedging reserve are transferred from the cash flow hedging reserve and included in the initial measurement of the cost of the non-financial asset or non-financial liability.</p>

Source	Hong Kong GAAP Limited
	<p data-bbox="363 248 935 304">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="363 338 1426 501">Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.</p> <p data-bbox="363 528 879 557"><i>Hedges of net investments in foreign operations</i></p> <p data-bbox="363 584 1442 721">Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.</p> <p data-bbox="363 748 1434 831">Gains or losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.</p> <p data-bbox="363 857 684 887"><i>Financial guarantee contracts</i></p> <p data-bbox="363 913 1442 996">A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.</p> <p data-bbox="363 1023 1453 1079">Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:</p> <ul data-bbox="363 1106 1417 1247" style="list-style-type: none"> • the amount of the obligation under the contract, as determined in accordance with HKAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>; and • the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies. <p data-bbox="363 1274 517 1303"><i>Derecognition</i></p> <p data-bbox="363 1330 1449 1550">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.</p> <p data-bbox="363 1576 1445 1686">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.</p> <p data-bbox="363 1713 1450 1962">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.</p> <p data-bbox="363 1989 1402 2072">The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.</p>

Source	Hong Kong GAAP Limited
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>4. Critical accounting judgements and key sources of estimation uncertainty</p> <p><i>Note: The following are <u>examples</u> of the types of disclosures that might be required in this area. The matters disclosed will be dictated by the circumstances of the individual entity, and by the significance of judgements and estimates made to the results and financial position of the entity.</i></p> <p>In the application of the Group's accounting policies, which are described in note 3, management is 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.</p> <p>The estimates and underlying assumptions are reviewed on an ongoing 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.</p>
HKAS 1.122	<p><i>Critical judgements in applying accounting policies</i></p> <p>The following are the critical judgements, apart from those involving estimations (see below), that management has 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.</p> <p><u><i>Revenue recognition</i></u></p> <p>Note 13 describes the expenditure required in the year for rectification work carried out on goods supplied to one of the Group's major customers. These goods were delivered to the customer in the months of January to July 2012, and shortly thereafter the defects were identified by the customer. Following negotiations, a schedule of works was agreed, which will involve expenditure by the Group until 2014. In the light of the problems identified, management was required to consider whether it was appropriate to recognise the revenue from these transactions of HK\$19 million in the current year, in line with the Group's general policy of recognising revenue when goods are delivered, or whether it was more appropriate to defer recognition until the rectification work was complete.</p> <p>In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in HKAS 18 <i>Revenue</i> and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, management is satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate provision for the rectification costs.</p> <p><u><i>Deferred taxation on investment properties</i></u></p>
HKAS 12.51C	<p>For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on disposal of its investment properties.</p>

Source	Hong Kong GAAP Limited																		
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p>																		
HKAS 1.125, 129	<p>Key sources of estimation uncertainty</p> <p>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.</p> <p><u>Impairment of goodwill</u></p> <p>Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value.</p> <p>The carrying amount of goodwill as at 31 December 2012 was HK\$20.3 million (31 December 2011: HK\$24.1 million). Details of the impairment loss calculation are set out in note 22.</p> <p><u>Valuation of financial instruments</u></p> <p>The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Notes 27, 41 and 49 provide detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.</p> <p>The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.</p>																		
HKAS 18.35(b) Sch 10:16(2)	<p>5. Revenue</p> <p>An analysis of the Group's revenue for the year from continuing operations is as follows:</p> <table border="1" data-bbox="1145 1160 1452 1444"> <thead> <tr> <th></th> <th style="text-align: right;">Year ended 31/12/12</th> <th style="text-align: right;">Year ended 31/12/11</th> </tr> <tr> <th></th> <th style="text-align: right;">HK\$'000</th> <th style="text-align: right;">HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Revenue from the sale of goods</td> <td style="text-align: right;">119,232</td> <td style="text-align: right;">128,852</td> </tr> <tr> <td>Revenue from the rendering of services</td> <td style="text-align: right;">16,388</td> <td style="text-align: right;">18,215</td> </tr> <tr> <td>Construction contract revenue</td> <td style="text-align: right;">5,298</td> <td style="text-align: right;">4,773</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>140,918</u></td> <td style="text-align: right;"><u>151,840</u></td> </tr> </tbody> </table>		Year ended 31/12/12	Year ended 31/12/11		HK\$'000	HK\$'000	Revenue from the sale of goods	119,232	128,852	Revenue from the rendering of services	16,388	18,215	Construction contract revenue	5,298	4,773		<u>140,918</u>	<u>151,840</u>
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HKAS 18.35(b) HKAS 18.35(b) HKAS 11.39(a)	<p>See note 6 for an analysis of revenue by major products and services.</p>																		

Source	Hong Kong GAAP Limited
<p>App 16.7 GR 18.08 HKFRS 8.2</p>	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>6. Segment information</p> <p><i>Note: The following segment information is required by HKFRS 8 Operating Segments to be presented in the consolidated financial statements of a group with a parent (and in the separate or individual financial statements of an entity):</i></p> <ul style="list-style-type: none"> • <i>whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or</i> • <i>that files, or is in the process of filing, its (consolidated) financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.</i>
<p>HKFRS 8.22</p>	<p>Information reported to the Chairman of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. In respect of the 'electronic equipment' and 'leisure goods' operations, the information reported to the chief operating decision maker is further broken down into the different sales channels. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.</p> <p>Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:</p> <p>Electronic equipment – Manufacture and sale of electronic appliances:</p> <ul style="list-style-type: none"> - wholesale distribution sales - retail outlets sales - internet sales <p>Leisure goods – Sale of sports shoes and equipment, as well as outdoor play equipment:</p> <ul style="list-style-type: none"> - wholesale distribution sales - retail outlets sales <p>Computer software – Installation of computer software for specialised business applications</p> <p>Construction – Construction of residential properties for sale</p> <p>Two operations (the manufacture and sale of toys and bicycles) were discontinued in the current year. The segment information reported on the next pages does not include any amounts for these discontinued operations, which are described in more detail in note 11.</p>

Section 2

Source	Hong Kong GAAP Limited																																																																																																																						
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p><i>Segment revenues and results</i></p>																																																																																																																						
HKFRS 8.23(a)	<p>The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="3"></th> <th colspan="2" style="border-bottom: 1px solid black;">Segment revenue</th> <th colspan="2" style="border-bottom: 1px solid black;">Segment profit</th> </tr> <tr> <th style="text-align: center;">Year ended</th> <th style="text-align: center;">Year ended</th> <th style="text-align: center;">Year ended</th> <th style="text-align: center;">Year ended</th> </tr> <tr> <th style="text-align: center;">31/12/12</th> <th style="text-align: center;">31/12/11</th> <th style="text-align: center;">31/12/12</th> <th style="text-align: center;">31/12/11</th> </tr> <tr> <th></th> <th style="text-align: center; border-bottom: 1px solid black;">HK\$'000</th> <th style="text-align: center; border-bottom: 1px solid black;">HK\$'000</th> <th style="text-align: center; border-bottom: 1px solid black;">HK\$'000</th> <th style="text-align: center; border-bottom: 1px solid black;">HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Electronic equipment - wholesale</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">distribution</td> <td style="text-align: right;">37,509</td> <td style="text-align: right;">39,641</td> <td style="text-align: right;">6,705</td> <td style="text-align: right;">10,422</td> </tr> <tr> <td style="padding-left: 20px;">- retail outlets</td> <td style="text-align: right;">20,194</td> <td style="text-align: right;">22,534</td> <td style="text-align: right;">7,265</td> <td style="text-align: right;">5,954</td> </tr> <tr> <td style="padding-left: 20px;">- internet sales</td> <td style="text-align: right;">27,563</td> <td style="text-align: right;">29,699</td> <td style="text-align: right;">6,632</td> <td style="text-align: right;">5,348</td> </tr> <tr> <td>Leisure goods</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">- wholesale</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 40px;">distribution</td> <td style="text-align: right;">13,514</td> <td style="text-align: right;">18,332</td> <td style="text-align: right;">3,252</td> <td style="text-align: right;">4,110</td> </tr> <tr> <td style="padding-left: 40px;">- retail outlets</td> <td style="text-align: right;">20,452</td> <td style="text-align: right;">18,646</td> <td style="text-align: right;">4,921</td> <td style="text-align: right;">4,372</td> </tr> <tr> <td>Computer software</td> <td style="text-align: right;">16,388</td> <td style="text-align: right;">18,215</td> <td style="text-align: right;">3,749</td> <td style="text-align: right;">6,552</td> </tr> <tr> <td>Construction</td> <td style="text-align: right; border-bottom: 1px solid black;">5,298</td> <td style="text-align: right; border-bottom: 1px solid black;">4,773</td> <td style="text-align: right; border-bottom: 1px solid black;">362</td> <td style="text-align: right; border-bottom: 1px solid black;">109</td> </tr> <tr> <td>HKFRS 8.28(a)</td> <td style="text-align: right; border-bottom: 3px double black;">140,918</td> <td style="text-align: right; border-bottom: 3px double black;">151,840</td> <td style="text-align: right;">32,886</td> <td style="text-align: right;">36,867</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">1,186</td> <td style="text-align: right;">1,589</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">581</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">3,608</td> <td style="text-align: right;">2,351</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">(1,128)</td> <td style="text-align: right;">(173)</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">(2,045)</td> <td style="text-align: right;">(2,203)</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right; border-bottom: 1px solid black;">(4,178)</td> <td style="text-align: right; border-bottom: 1px solid black;">(6,313)</td> </tr> <tr> <td>HKFRS 8.28(b)</td> <td></td> <td></td> <td style="text-align: right; border-bottom: 3px double black;">30,910</td> <td style="text-align: right; border-bottom: 3px double black;">32,118</td> </tr> <tr> <td>HKFRS 8.23(b)</td> <td colspan="4">Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2011: nil).</td> </tr> <tr> <td>HKFRS 8.27</td> <td colspan="4">The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs including directors' emoluments, share of profits of associates, gain recognised on disposal of an associate, investment and other income, other gains and losses, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.</td> </tr> </tbody> </table>		Segment revenue		Segment profit		Year ended	Year ended	Year ended	Year ended	31/12/12	31/12/11	31/12/12	31/12/11		HK\$'000	HK\$'000	HK\$'000	HK\$'000	Electronic equipment - wholesale					distribution	37,509	39,641	6,705	10,422	- retail outlets	20,194	22,534	7,265	5,954	- internet sales	27,563	29,699	6,632	5,348	Leisure goods					- wholesale					distribution	13,514	18,332	3,252	4,110	- retail outlets	20,452	18,646	4,921	4,372	Computer software	16,388	18,215	3,749	6,552	Construction	5,298	4,773	362	109	HKFRS 8.28(a)	140,918	151,840	32,886	36,867				1,186	1,589				581	-				3,608	2,351				(1,128)	(173)				(2,045)	(2,203)				(4,178)	(6,313)	HKFRS 8.28(b)			30,910	32,118	HKFRS 8.23(b)	Segment revenue reported above represents revenue generated from external customers. 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Electronic equipment - wholesale																																																																																																																							
distribution	37,509	39,641	6,705	10,422																																																																																																																			
- retail outlets	20,194	22,534	7,265	5,954																																																																																																																			
- internet sales	27,563	29,699	6,632	5,348																																																																																																																			
Leisure goods																																																																																																																							
- wholesale																																																																																																																							
distribution	13,514	18,332	3,252	4,110																																																																																																																			
- retail outlets	20,452	18,646	4,921	4,372																																																																																																																			
Computer software	16,388	18,215	3,749	6,552																																																																																																																			
Construction	5,298	4,773	362	109																																																																																																																			
HKFRS 8.28(a)	140,918	151,840	32,886	36,867																																																																																																																			
			1,186	1,589																																																																																																																			
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HKFRS 8.28(b)			30,910	32,118																																																																																																																			
HKFRS 8.23(b)	Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2011: nil).																																																																																																																						
HKFRS 8.27	The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs including directors' emoluments, share of profits of associates, gain recognised on disposal of an associate, investment and other income, other gains and losses, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.																																																																																																																						

Source	Hong Kong GAAP Limited		
		Notes to the consolidated financial statements for the year ended 31 December 2012 – continued	
		<i>Segment assets and liabilities</i>	
		<u>31/12/12</u>	<u>31/12/11</u>
		HK\$'000	HK\$'000
HKFRS 8.23, 28(c)	<u>Segment assets</u>		
	Electronic equipment - wholesale distribution	43,101	36,811
	- retail outlets	30,903	36,724
	- internet sales	28,189	38,711
	Leisure goods - wholesale distribution	35,351	33,942
	- retail outlets	33,032	34,432
	Computer software	26,045	21,783
	Construction	<u>15,801</u>	<u>16,623</u>
	Total segment assets	212,422	219,026
	Assets relating to toy and bicycle operations (now discontinued)	21,216	19,272
	Unallocated	<u>34,629</u>	<u>27,317</u>
	Consolidated assets	<u>268,267</u>	<u>265,615</u>
HKFRS 8.23, 28(d)	<u>Segment liabilities</u>		
	Electronic equipment - wholesale distribution	9,473	10,129
	- retail outlets	4,746	4,859
	- internet sales	2,547	2,757
	Leisure goods - wholesale distribution	1,556	2,052
	- retail outlets	846	2,229
	Computer software	707	828
	Construction	<u>510</u>	<u>203</u>
	Total segment liabilities	20,385	23,057
	Liabilities relating to toy and bicycle operations (now discontinued)	3,684	4,982
	Unallocated	<u>72,344</u>	<u>70,565</u>
	Consolidated liabilities	<u>96,413</u>	<u>98,604</u>
HKFRS 8.27	For the purposes of monitoring segment performance and allocating resources between segments:		
	<ul style="list-style-type: none"> all assets are allocated to operating segments other than interests in associates, held-to-maturity investments, available-for-sale investments, held-for-trading investments, other financial assets, and current and deferred tax assets. Goodwill is allocated to segments as described in note 22. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and all liabilities are allocated to operating segments other than current and deferred tax liabilities, other financial liabilities, borrowings, obligations under finance leases, loan from government, and convertible notes. Liabilities for which segments are jointly liable are allocated in proportion to segment assets. 		

Section 2

Source	Hong Kong GAAP Limited																																																					
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p><i>Other segment information (included in the measure of segment profit or loss or regularly provided to the chief operating decision maker)</i></p>																																																					
HKFRS 8.23(e), 24(b)	<table border="1"> <thead> <tr> <th rowspan="3"></th> <th colspan="2" style="text-align: center;">Depreciation and amortisation</th> <th colspan="2" style="text-align: center;">Additions to non-current assets</th> </tr> <tr> <th style="text-align: center;">Year ended 31/12/12</th> <th style="text-align: center;">Year ended 31/12/11</th> <th style="text-align: center;">Year ended 31/12/12</th> <th style="text-align: center;">Year ended 31/12/11</th> </tr> <tr> <th style="text-align: center;">HK\$'000</th> <th style="text-align: center;">HK\$'000</th> <th style="text-align: center;">HK\$'000</th> <th style="text-align: center;">HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Electronic equipment - wholesale distribution</td> <td style="text-align: right;">3,689</td> <td style="text-align: right;">4,595</td> <td style="text-align: right;">4,696</td> <td style="text-align: right;">2,706</td> </tr> <tr> <td>- retail outlets</td> <td style="text-align: right;">2,076</td> <td style="text-align: right;">2,066</td> <td style="text-align: right;">1,770</td> <td style="text-align: right;">1,023</td> </tr> <tr> <td>- internet sales</td> <td style="text-align: right;">2,067</td> <td style="text-align: right;">1,942</td> <td style="text-align: right;">4,205</td> <td style="text-align: right;">2,382</td> </tr> <tr> <td>Leisure goods - wholesale distribution</td> <td style="text-align: right;">1,514</td> <td style="text-align: right;">1,508</td> <td style="text-align: right;">3,880</td> <td style="text-align: right;">1,547</td> </tr> <tr> <td>- retail outlets</td> <td style="text-align: right;">1,589</td> <td style="text-align: right;">2,240</td> <td style="text-align: right;">4,234</td> <td style="text-align: right;">2,401</td> </tr> <tr> <td>Computer software</td> <td style="text-align: right;">957</td> <td style="text-align: right;">987</td> <td style="text-align: right;">2,204</td> <td style="text-align: right;">1,560</td> </tr> <tr> <td>Construction</td> <td style="text-align: right;">520</td> <td style="text-align: right;">540</td> <td style="text-align: right;">290</td> <td style="text-align: right;">363</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>12,412</u></td> <td style="text-align: right; border-top: 1px solid black;"><u>13,878</u></td> <td style="text-align: right; border-top: 1px solid black;"><u>21,279</u></td> <td style="text-align: right; border-top: 1px solid black;"><u>11,982</u></td> </tr> </tbody> </table>		Depreciation and amortisation		Additions to non-current assets		Year ended 31/12/12	Year ended 31/12/11	Year ended 31/12/12	Year ended 31/12/11	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Electronic equipment - wholesale distribution	3,689	4,595	4,696	2,706	- retail outlets	2,076	2,066	1,770	1,023	- internet sales	2,067	1,942	4,205	2,382	Leisure goods - wholesale distribution	1,514	1,508	3,880	1,547	- retail outlets	1,589	2,240	4,234	2,401	Computer software	957	987	2,204	1,560	Construction	520	540	290	363		<u>12,412</u>	<u>13,878</u>	<u>21,279</u>	<u>11,982</u>
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HKFRS 8.23(i)	<p>In addition to the depreciation and amortisation reported above, impairment losses of HK\$1.204 million (2011: nil) and HK\$235,000 (2011: nil) were recognised in respect of property, plant and equipment and goodwill respectively. These impairment losses were attributable to the following reportable segments:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">HK\$'000</th> </tr> </thead> <tbody> <tr> <td colspan="2"><i>Impairment losses recognised for the year in respect of property, plant and equipment:</i></td> </tr> <tr> <td>Electronic equipment - wholesale distribution</td> <td style="text-align: right;">529</td> </tr> <tr> <td>- retail outlets</td> <td style="text-align: right;">285</td> </tr> <tr> <td>- internet sales</td> <td style="text-align: right;">390</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>1,204</u></td> </tr> <tr> <td colspan="2"><i>Impairment losses recognised for the year in respect of goodwill:</i></td> </tr> <tr> <td>Construction</td> <td style="text-align: right;">235</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>235</u></td> </tr> </tbody> </table>		HK\$'000	<i>Impairment losses recognised for the year in respect of property, plant and equipment:</i>		Electronic equipment - wholesale distribution	529	- retail outlets	285	- internet sales	390		<u>1,204</u>	<i>Impairment losses recognised for the year in respect of goodwill:</i>		Construction	235		<u>235</u>																																			
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HKFRS 8.23(f)	<p>Rectification costs of HK\$4.17 million disclosed in note 13 relate to the 'electronic equipment – wholesale distribution' reportable segment.</p>																																																					
HKFRS 8.32	<p>Revenue from major products and services</p> <p>The Group's revenue from continuing operations from its major products and services were as follows:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Year ended 31/12/12</th> <th style="text-align: center;">Year ended 31/12/11</th> </tr> <tr> <th></th> <th style="text-align: center;">HK\$000</th> <th style="text-align: center;">HK\$000</th> </tr> </thead> <tbody> <tr> <td>Electronic equipment</td> <td style="text-align: right;">85,266</td> <td style="text-align: right;">91,874</td> </tr> <tr> <td>Sports shoes</td> <td style="text-align: right;">10,780</td> <td style="text-align: right;">11,600</td> </tr> <tr> <td>Sports equipment</td> <td style="text-align: right;">10,223</td> <td style="text-align: right;">11,250</td> </tr> <tr> <td>Outdoor play equipment</td> <td style="text-align: right;">12,963</td> <td style="text-align: right;">14,128</td> </tr> <tr> <td>Installation of computer software</td> <td style="text-align: right;">16,388</td> <td style="text-align: right;">18,215</td> </tr> <tr> <td>Construction</td> <td style="text-align: right;">5,298</td> <td style="text-align: right;">4,773</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>140,918</u></td> <td style="text-align: right; border-top: 1px solid black;"><u>151,840</u></td> </tr> </tbody> </table>		Year ended 31/12/12	Year ended 31/12/11		HK\$000	HK\$000	Electronic equipment	85,266	91,874	Sports shoes	10,780	11,600	Sports equipment	10,223	11,250	Outdoor play equipment	12,963	14,128	Installation of computer software	16,388	18,215	Construction	5,298	4,773		<u>140,918</u>	<u>151,840</u>																										
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Source	Hong Kong GAAP Limited																																										
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p><i>Geographical information</i></p> <p>The Group operates in three principal geographical areas – the People’s Republic of China (excluding Hong Kong) (the PRC), Hong Kong and Malaysia.</p>																																										
HKFRS 8.33(a), (b)	<p>The Group’s revenue from continuing operations from external customers by location of operations and information about its non-current assets* by location of assets are detailed below:</p> <table border="1"> <thead> <tr> <th rowspan="4"></th> <th colspan="2" style="text-align: center;">Revenue from external customers</th> <th colspan="2" style="text-align: center;">Non-current assets*</th> </tr> <tr> <th style="text-align: center;">Year ended</th> <th style="text-align: center;">Year ended</th> <th></th> <th></th> </tr> <tr> <th style="text-align: center;">31/12/12</th> <th style="text-align: center;">31/12/11</th> <th style="text-align: center;">31/12/12</th> <th style="text-align: center;">31/12/11</th> </tr> <tr> <th style="text-align: center;">HK\$'000</th> <th style="text-align: center;">HK\$'000</th> <th style="text-align: center;">HK\$'000</th> <th style="text-align: center;">HK\$'000</th> </tr> </thead> <tbody> <tr> <td>PRC</td> <td style="text-align: right;">54,202</td> <td style="text-align: right;">63,971</td> <td style="text-align: right;">71,485</td> <td style="text-align: right;">93,043</td> </tr> <tr> <td>Hong Kong</td> <td style="text-align: right;">55,898</td> <td style="text-align: right;">53,562</td> <td style="text-align: right;">52,597</td> <td style="text-align: right;">55,745</td> </tr> <tr> <td>Malaysia</td> <td style="text-align: right;">25,485</td> <td style="text-align: right;">25,687</td> <td style="text-align: right;">16,085</td> <td style="text-align: right;">19,341</td> </tr> <tr> <td>European countries</td> <td style="text-align: right;">5,333</td> <td style="text-align: right;">8,620</td> <td style="text-align: right;">5,826</td> <td style="text-align: right;">8,809</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">140,918</td> <td style="text-align: right; border-top: 1px solid black;">151,840</td> <td style="text-align: right; border-top: 1px solid black;">145,993</td> <td style="text-align: right; border-top: 1px solid black;">176,938</td> </tr> </tbody> </table> <p>* Non-current assets excluding those relating to toy and bicycle operations and excluding financial instruments, deferred tax assets, post-employment benefit assets and assets from insurance contracts.</p>		Revenue from external customers		Non-current assets*		Year ended	Year ended			31/12/12	31/12/11	31/12/12	31/12/11	HK\$'000	HK\$'000	HK\$'000	HK\$'000	PRC	54,202	63,971	71,485	93,043	Hong Kong	55,898	53,562	52,597	55,745	Malaysia	25,485	25,687	16,085	19,341	European countries	5,333	8,620	5,826	8,809		140,918	151,840	145,993	176,938
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HKFRS 8.34	<p><i>Information about major customers</i></p> <p>Included in revenue arising from sales of electronic equipment of HK\$85.3 million (2011: HK\$91.9 million) are revenue of approximately HK\$15.6 million (2011: HK\$19.8 million) which arose from sales to the Group’s largest customer (the wholesale distribution segment). No other single customers contributed 10% or more to the Group’s revenue for both 2012 and 2011.</p>																																										

Section 2

Source	Hong Kong GAAP Limited		
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued		
	7. Investment and other income		
		Year ended 31/12/12	Year ended 31/12/11
		<u>HK\$'000</u>	<u>HK\$'000</u>
	Continuing operations		
HKAS 18.35(b)(iii) HKFRS 7.20(b)	Interest income on:		
	Bank deposits	2,098	790
	Available-for-sale investments	154	148
	Other loans and receivables	66	5
	Held-to-maturity investments	<u>245</u>	<u>210</u>
	Total interest income	2,563	1,153
HKAS 18.35(b)(v) HKAS 20.39(b)	Dividends from equity investments	156	154
	Government grants received for staff re-training	731	979
	Rental income from investment properties	18	14
	Other	<u>140</u>	<u>51</u>
		<u>3,608</u>	<u>2,351</u>
Sch 10:13(1)(g)	Included above is income from listed investments of HK\$421,000 (2011: HK\$401,000) and from unlisted investments of HK\$134,000 (2011: HK\$111,000).		
	The following is an analysis of investment and other income by category of asset.		
		Year ended 31/12/12	Year ended 31/12/11
		<u>HK\$'000</u>	<u>HK\$'000</u>
	Available-for-sale investments	154	148
	Loans and receivables (including cash and bank balances)	2,164	795
	Held-to-maturity investments	<u>245</u>	<u>210</u>
HKFRS 7.20(b)	Total interest income earned on financial assets that are not designated as at fair value through profit or loss	2,563	1,153
	Dividend income earned on available-for-sale financial assets	156	154
	Investment income earned on non-financial assets	18	14
	Others	<u>871</u>	<u>1,030</u>
		<u>3,608</u>	<u>2,351</u>
	Income relating to financial assets classified as at fair value through profit or loss is included in 'other gains and losses' in note 8.		

Source	Hong Kong GAAP Limited		
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued		
	8. Other gains and losses		
		Year ended 31/12/12	Year ended 31/12/11
		<u>HK\$'000</u>	<u>HK\$'000</u>
	<i>Continuing operations</i>		
HKAS 1.98(c)	Gain on disposal of property, plant and equipment	6	67
HKAS 40.76(d)	Gain arising on change in fair value of investment properties	50	298
HKAS 21.52(a)	Net foreign exchange gain/(loss)	78	(166)
HKFRS 7.20(a)	Gain/(loss) arising on change in fair value of financial assets designated as at FVTPL	-	-
HKFRS 7.20(a)	Gain/(loss) arising on change in fair value of financial assets classified as held for trading	8	(10)
HKFRS 7.20(a)	Gain/(loss) arising on change in fair value of financial liabilities designated as at FVTPL	-	-
HKFRS 7.20(a)	Gain/(loss) arising on change in fair value of financial liabilities classified as held for trading	-	-
HKFRS 7.20(a)	Cumulative gain/(loss) on disposal of available-for-sale investments	-	-
HKFRS 7.24(b)	Hedge ineffectiveness in cash flow hedges	89	68
HKFRS 7.24(c)	Hedge ineffectiveness in net investment hedges	-	-
HKAS 36.126	Impairment loss recognised in respect of property, plant and equipment	(1,204)	-
HKAS 36.126	Impairment loss recognised in respect of goodwill	(235)	-
HKFRS 7.20(e)	Impairment losses on financial assets		
	- trade receivables	(63)	(430)
	- available-for-sale equity investments	-	-
	- available-for-sale debt investments	-	-
	- held-to-maturity investments	-	-
	- loans carried at amortised cost	-	-
	Reversal of impairment losses on trade receivables	103	-
	Gain on effective settlement of legal claim against Subseven Limited (see note 50)	40	-
		<u>(1,128)</u>	<u>(173)</u>

Section 2

Source	Hong Kong GAAP Limited		
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued		
	9. Finance costs		
		Year ended 31/12/12	Year ended 31/12/11
		HK\$'000	HK\$'000
	<i>Continuing operations</i>		
Sch 10:13(1)(b)	Interest on:		
	Bank and other borrowings		
	- wholly repayable within five years	3,067	5,485
	- not wholly repayable within five years	794	850
	Finance leases	2	5
	Interest on interest-free government loan	188	-
	Interest on convertible notes	110	-
	Unwinding of discounts on provisions	28	-
		4,189	6,340
HKFRS 7.20(b) HKAS 23.26(a) App 16.22(2) GR 18.22	Total borrowing costs	4,189	6,340
	Less: amounts capitalised in the cost of qualifying assets	(11)	(27)
		4,178	6,313
HKFRS 7.24(a)(i)	Fair value gain on interest rate swaps in a designated fair value hedge accounting relationship	(35)	(27)
HKFRS 7.24(a)(ii)	Fair value loss on hedged item attributable to the hedged risk in a designated fair value hedge accounting relationship	35	27
		-	-
		4,178	6,313
HKAS 23. 26(b)	The weighted average capitalisation rate on funds borrowed generally is 8.0% per annum (2011: 7.8% per annum).		

Source	Hong Kong GAAP Limited																																																
HKAS 12.79 Sch 10:13(1)(c)	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued																																																
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Section 2

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	<p>11. Discontinued operations</p>																											
	<p><i>Disposal of toy manufacturing operations</i></p>																											
HKFRS 5.30 HKFRS 5.41	<p>On 28 September 2012, the Company entered into a sale agreement to dispose of Subzero Limited, which carried out all of the Group's toy manufacturing operations. The disposal of the toy manufacturing operations is consistent with the Group's long-term policy to focus its activities on the electronic equipment and other leisure goods markets. The disposal was completed on 30 November 2012, on which date control of the toy manufacturing operations passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 51.</p>																											
	<p><i>Plan to dispose of the bicycle business</i></p>																											
HKFRS 5.30 HKFRS 5.41	<p>On 30 November 2012, the Directors announced a plan to dispose of the Group's bicycle business. The disposal is consistent with the Group's long-term policy to focus its activities on the electronic equipment and other leisure goods markets. The Group is actively seeking a buyer for its bicycle business and expects to complete the sale by 31 July 2013. The net proceeds of sale are expected to exceed the carrying amount of the related net assets and, accordingly, no impairment losses were recognised, neither when the operation was reclassified as held for sale nor at the end of the reporting period.</p>																											
	<p><i>Analysis of profit for the year from discontinued operations</i></p>																											
	<p>The combined results of the discontinued operations (i.e. toy and bicycle businesses) included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.</p>																											

Section 2

Source	Hong Kong GAAP Limited		
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued		
		Year ended <u>31/12/12</u> HK\$'000	Year ended <u>31/12/11</u> HK\$'000
HKFRS 5.33(b)	<i>Profit for the year from discontinued operations</i>		
	Revenue	64,435	77,892
	Other gains	30	49
	Distribution and selling expenses	(23,118)	(32,009)
	Administrative expenses	<u>(31,817)</u>	<u>(32,939)</u>
	Profit before tax	9,530	12,993
HKAS 12.81(h)	Attributable income tax expense	<u>(2,524)</u>	<u>(2,998)</u>
		<u>7,006</u>	<u>9,995</u>
	Loss on remeasurement to fair value less costs to sell	-	-
	Gain on disposal of operation (including HK\$0.12 million reclassification of foreign currency translation reserve from equity to profit or loss on disposal of the operation (see note 51))	1,789	-
HKAS 12.81(h)	Attributable income tax expense	<u>(485)</u>	<u>-</u>
		<u>1,304</u>	<u>-</u>
HKFRS 5.33(d)	Profit for the year from discontinued operations (attributable to owners of the Company)	<u>8,310</u>	<u>9,995</u>
	Profit for the year from discontinued operations include the following:		
Sch 10:13(1)(a) Sch 10:15	Depreciation and amortisation	1,767	3,472
	Auditor's remuneration	150	130
HKFRS 5.33(c)	<i>Cash flows from discontinued operations</i>		
	Net cash inflows from operating activities	6,381	7,078
	Net cash inflows from investing activities	2,767	-
	Net cash outflows from financing activities	<u>(5,000)</u>	<u>-</u>
	Net cash inflows	<u>4,148</u>	<u>7,078</u>
	The bicycle business has been classified and accounted for at 31 December 2012 as a disposal group held for sale (see note 12).		

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	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>12. Assets classified as held for sale</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><u>31/12/12</u> HK\$'000</th> <th style="text-align: right;"><u>31/12/11</u> HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Leasehold land (Note 1)</td> <td style="text-align: right;">1,120</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Assets related to bicycle business (Note 2)</td> <td style="text-align: right;"><u>21,216</u></td> <td style="text-align: right;"><u>-</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>22,336</u></td> <td style="text-align: right;"><u>-</u></td> </tr> <tr> <td>Liabilities directly associated with assets classified as held for sale (Note 2)</td> <td style="text-align: right;"><u>3,684</u></td> <td style="text-align: right;"><u>-</u></td> </tr> </tbody> </table> <p>Notes:</p> <p>HKFRS 5.41 1) The Group intends to dispose of a parcel of leasehold land which it no longer uses in the next 12 months. The property located on the leasehold land was previously used in the Group's toy manufacturing operations and has been fully depreciated. A search is underway for a buyer. No impairment loss was recognised on reclassification of the land as held for sale nor at 31 December 2012.</p> <p>HKFRS 5.41 HKFRS 5.38 2) As described in note 11, the Group is seeking to dispose of its bicycle business and anticipates that the disposal will be completed by 31 July 2013. The major classes of assets and liabilities of the bicycle business at the end of the reporting period are as follows:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><u>31/12/12</u> HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Goodwill</td> <td style="text-align: right;">1,147</td> </tr> <tr> <td>Property, plant and equipment</td> <td style="text-align: right;">17,084</td> </tr> <tr> <td>Inventories</td> <td style="text-align: right;">830</td> </tr> <tr> <td>Trade receivables</td> <td style="text-align: right;">1,980</td> </tr> <tr> <td>Cash and bank balances</td> <td style="text-align: right;"><u>175</u></td> </tr> <tr> <td>Assets of bicycle business classified as held for sale</td> <td style="text-align: right;"><u>21,216</u></td> </tr> <tr> <td>Trade payables</td> <td style="text-align: right;">(3,254)</td> </tr> <tr> <td>Current tax liabilities</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Deferred tax liabilities</td> <td style="text-align: right;"><u>(430)</u></td> </tr> <tr> <td>Liabilities of bicycle business associated with assets classified as held for sale</td> <td style="text-align: right;"><u>(3,684)</u></td> </tr> <tr> <td>Net assets of bicycle business classified as held for sale</td> <td style="text-align: right;"><u>17,532</u></td> </tr> </tbody> </table> <p>13. Profit for the year from continuing operations</p> <p>HKFRS 5.33(d) Profit for the year from continuing operations is attributable to:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">Year ended <u>31/12/12</u> HK\$'000</th> <th style="text-align: right;">Year ended <u>31/12/11</u> HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Owners of the Company</td> <td style="text-align: right;">15,268</td> <td style="text-align: right;">17,519</td> </tr> <tr> <td>Non-controlling interests</td> <td style="text-align: right;"><u>4,000</u></td> <td style="text-align: right;"><u>2,763</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>19,268</u></td> <td style="text-align: right;"><u>20,282</u></td> </tr> </tbody> </table>		<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000	Leasehold land (Note 1)	1,120	-	Assets related to bicycle business (Note 2)	<u>21,216</u>	<u>-</u>		<u>22,336</u>	<u>-</u>	Liabilities directly associated with assets classified as held for sale (Note 2)	<u>3,684</u>	<u>-</u>		<u>31/12/12</u> HK\$'000	Goodwill	1,147	Property, plant and equipment	17,084	Inventories	830	Trade receivables	1,980	Cash and bank balances	<u>175</u>	Assets of bicycle business classified as held for sale	<u>21,216</u>	Trade payables	(3,254)	Current tax liabilities	-	Deferred tax liabilities	<u>(430)</u>	Liabilities of bicycle business associated with assets classified as held for sale	<u>(3,684)</u>	Net assets of bicycle business classified as held for sale	<u>17,532</u>		Year ended <u>31/12/12</u> HK\$'000	Year ended <u>31/12/11</u> HK\$'000	Owners of the Company	15,268	17,519	Non-controlling interests	<u>4,000</u>	<u>2,763</u>		<u>19,268</u>	<u>20,282</u>
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Owners of the Company	15,268	17,519																																																		
Non-controlling interests	<u>4,000</u>	<u>2,763</u>																																																		
	<u>19,268</u>	<u>20,282</u>																																																		

Section 2

Source	Hong Kong GAAP Limited		
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued		
	Profit for the year from continuing operations has been arrived at after charging (crediting):		
		Year ended 31/12/12 <u>HK\$'000</u>	Year ended 31/12/11 <u>HK\$'000</u>
HKAS 16.73(e) (vii) HKAS 38.118(d)	Depreciation of property, plant and equipment	10,820	12,322
	Amortisation of other intangible assets (included in [cost of sales/depreciation and amortisation expense/other expenses])	<u>1,592</u>	<u>1,556</u>
HKAS 1.104 Sch 10:13(1)(a)	Total depreciation and amortisation	<u>12,412</u>	<u>13,878</u>
Sch 10:15	Auditor's remuneration	<u>2,000</u>	<u>1,850</u>
HKAS 38.126	Research and development costs	<u>502</u>	<u>440</u>
HKAS 40.75(f)	Gross rental income from investment properties	(18)	(14)
	Less:		
	Direct operating expenses incurred for investment properties that generated rental income during the year	1	2
	Direct operating expenses incurred for investment properties that did not generate rental income during the year	<u>-</u>	<u>-</u>
		<u>(17)</u>	<u>(12)</u>
	Employee benefits expense:		
	Post employment benefits		
HKAS 19.46	Defined contribution plans	160	148
HKAS 19.120A(g)	Defined benefit plans	<u>640</u>	<u>556</u>
		<u>800</u>	<u>704</u>
HKFRS 2.50	Share-based payments		
HKFRS 2.51(a)	Equity-settled share-based payments	218	246
HKFRS 2.51(a)	Cash-settled share-based payments	<u>-</u>	<u>-</u>
		<u>218</u>	<u>246</u>
HKAS 19.142	Termination benefits	-	-
	Other employee benefits	<u>8,851</u>	<u>10,613</u>
HKAS 1.104	Total employee benefits expense	<u>9,869</u>	<u>11,563</u>
HKAS 2.36(d)	Cost of inventories recognised as an expense	<u>86,780</u>	<u>90,100</u>
HKAS 1.97	Costs of HK\$4.17 million (2011: nil) have been recognised during the year in respect of rectification work to be carried out on goods supplied to one of the Group's major customers, which have been included in [cost of sales]. The amount represents the estimated cost of work to be carried out in accordance with an agreed schedule of works up to 2014. An amount of HK\$1.112 million of the provision has been utilised in the current year, with a provision of HK\$3.058 million carried forward to meet anticipated expenditure in 2013 and 2014 (see note 40).		

Source Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2012 – continued

14. Directors' and chief executive's emoluments

The emoluments paid or payable to each of the six (2011: six) directors and the chief executive were as follows:

	Directors						Chief executive	Total
	Gary D.K. Wong	Daniel D.D. Lee	Derek S.Y. Wong	Tiara Cheung	Florence K.Y. Tang	John Banks	Bruno Gimeli	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2012								
Fees	-	-	-	100	100	100	-	300
Other emoluments								
Salaries and other benefits	600	200	200	-	-	-	120	1,120
Contributions to retirement benefits schemes	5	5	5	-	-	-	3	18
Share-based payments	60	60	-	-	-	-	33	153
Discretionary and performance related incentive payments (Note)	80	70	70	-	-	-	-	220
Total emoluments	745	335	275	100	100	100	156	1,811
	Directors						Chief executive	Total
	Gary D.K. Wong	Daniel D.D. Lee	Derek S.Y. Wong	Tiara Cheung	Florence K.Y. Tang	John Banks	Bruno Gimeli	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2011								
Fees	-	-	-	100	100	100	-	300
Other emoluments								
Salaries and other benefits	580	150	150	-	-	-	108	988
Contributions to retirement benefits schemes	5	5	5	-	-	-	6	21
Share-based payments	160	35	-	-	-	-	24	219
Discretionary and performance related incentive payments (Note)	50	70	70	-	-	-	-	190
Total emoluments	795	260	225	100	100	100	138	1,718

Note: The performance related incentive payment is determined by reference to the individual performance of the directors and the chief executive and approved by the Remuneration Committee.

Neither the chief executive nor any of the directors waived any emoluments in the year ended 31 December 2012 (2011: nil).

App 16.24 note 5
GR 18.28 note 6

Note: The requirement to disclose the remuneration of a chief executive is effective for annual periods ending on or after 1 January 2012. The separate disclosure is required only for a chief executive who is not a director. If the chief executive is also a director, no separate disclosure in respect of the chief executive's remuneration is necessary; however, that fact should be disclosed.

Source	Hong Kong GAAP Limited																		
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p>																		
App 16.25 GR 18.30	<p>15. Employees' emoluments</p> <p>Of the five individuals with the highest emoluments in the Group, three (2011: three) were directors of the Company whose emoluments are included in the disclosures in note 14 above. The emoluments of the remaining two (2011: two) individuals were as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">Year ended 31/12/12 <u>HK\$'000</u></th> <th style="text-align: right;">Year ended 31/12/11 <u>HK\$'000</u></th> </tr> </thead> <tbody> <tr> <td>Salaries and other benefits</td> <td style="text-align: right;">200</td> <td style="text-align: right;">180</td> </tr> <tr> <td>Contributions to retirement benefits schemes</td> <td style="text-align: right;">5</td> <td style="text-align: right;">10</td> </tr> <tr> <td>Share-based payment expense</td> <td style="text-align: right;">55</td> <td style="text-align: right;">40</td> </tr> <tr> <td>Discretionary and performance related incentive payments</td> <td style="text-align: right;"><u>-</u></td> <td style="text-align: right;"><u>-</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>260</u></td> <td style="text-align: right;"><u>230</u></td> </tr> </tbody> </table> <p>Their emoluments were all within HK\$nil to 1,000,000.</p>		Year ended 31/12/12 <u>HK\$'000</u>	Year ended 31/12/11 <u>HK\$'000</u>	Salaries and other benefits	200	180	Contributions to retirement benefits schemes	5	10	Share-based payment expense	55	40	Discretionary and performance related incentive payments	<u>-</u>	<u>-</u>		<u>260</u>	<u>230</u>
	Year ended 31/12/12 <u>HK\$'000</u>	Year ended 31/12/11 <u>HK\$'000</u>																	
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	<u>260</u>	<u>230</u>																	
App 14.B.1.8 GR App 15.B.1.8	<p><i>Note: In accordance with the recommended best practices laid down in the corporate governance code, an entity should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in its annual report.</i></p>																		
Sch 10:13(1)(j)	<p>16. Dividends</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">Year ended 31/12/12 <u>HK\$'000</u></th> <th style="text-align: right;">Year ended 31/12/11 <u>HK\$'000</u></th> </tr> </thead> <tbody> <tr> <td>Dividends recognised as distributions during the year:</td> <td></td> <td></td> </tr> <tr> <td> 2012 Interim, paid - HK10.00 cents per share (2011: nil)</td> <td style="text-align: right;">2,300</td> <td style="text-align: right;">-</td> </tr> <tr> <td> 2011 Final, paid - HK17.80 cents per share (2011: 2010 Final, paid HK27.76 cents per share)</td> <td style="text-align: right;"><u>4,096</u></td> <td style="text-align: right;"><u>6,387</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>6,396</u></td> <td style="text-align: right;"><u>6,387</u></td> </tr> </tbody> </table>		Year ended 31/12/12 <u>HK\$'000</u>	Year ended 31/12/11 <u>HK\$'000</u>	Dividends recognised as distributions during the year:			2012 Interim, paid - HK10.00 cents per share (2011: nil)	2,300	-	2011 Final, paid - HK17.80 cents per share (2011: 2010 Final, paid HK27.76 cents per share)	<u>4,096</u>	<u>6,387</u>		<u>6,396</u>	<u>6,387</u>			
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	<u>6,396</u>	<u>6,387</u>																	
HKAS 1.137(a) HKAS 10.13	<p>Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2012 of HK23.31 cents per share (2011: HK17.80 cents per share in respect of the year ended 31 December 2011) has been proposed by the directors and is subject to approval by the shareholders at the forthcoming general meeting.</p>																		

Source	Hong Kong GAAP Limited																																																
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>17. Earnings per share</p> <p><i>Note: HKAS 33 Earnings per Share requires that earnings per share (EPS) information be presented in the consolidated financial statements of a group with a parent (and in the separate or individual financial statements of an entity):</i></p> <ul style="list-style-type: none"> • <i>whose ordinary shares or potential ordinary shares are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local or regional markets); or</i> • <i>that files, or is in the process of filing, its (consolidated) financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.</i> <p><i>If other entities choose to disclose EPS information voluntarily in financial statements that comply with HKFRSs, the disclosures in relation to EPS information should comply fully with the requirements of HKAS 33.</i></p> <p>From continuing and discontinued operations</p> <p>The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">Year ended 31/12/12</th> <th style="text-align: center; border-bottom: 1px solid black;">Year ended 31/12/11</th> </tr> <tr> <th></th> <th style="text-align: center;">HK\$'000</th> <th style="text-align: center;">HK\$'000 (restated)</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">HKAS 33.70(a) <u>Earnings</u></td> <td></td> <td></td> </tr> <tr> <td>Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)</td> <td style="text-align: right;">23,578</td> <td style="text-align: right;">27,514</td> </tr> <tr> <td>Effect of dilutive potential ordinary shares:</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Adjustment in relation to share options issued by subsidiaries of the Company</td> <td style="text-align: right;">(83)</td> <td style="text-align: right;">(70)</td> </tr> <tr> <td style="padding-left: 20px;">Interest on convertible notes (net of tax)</td> <td style="text-align: right; border-bottom: 1px solid black;">92</td> <td style="text-align: right; border-bottom: 1px solid black;">-</td> </tr> <tr> <td>Earnings for the purpose of diluted earnings per share</td> <td style="text-align: right; border-bottom: 3px double black;">23,587</td> <td style="text-align: right; border-bottom: 3px double black;">27,444</td> </tr> <tr> <td style="vertical-align: top;">HKAS 33.70(b) <u>Number of shares</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center; border-bottom: 1px solid black;">Year ended 31/12/12</td> <td style="text-align: center; border-bottom: 1px solid black;">Year ended 31/12/11</td> </tr> <tr> <td></td> <td style="text-align: center;">'000</td> <td style="text-align: center;">'000</td> </tr> <tr> <td>Weighted average number of ordinary shares for the purpose of basic earnings per share</td> <td style="text-align: right;">22,496</td> <td style="text-align: right;">23,005</td> </tr> <tr> <td>Effect of dilutive potential ordinary shares:</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Share options issued by the Company</td> <td style="text-align: right;">73</td> <td style="text-align: right;">91</td> </tr> <tr> <td style="padding-left: 20px;">Convertible notes</td> <td style="text-align: right; border-bottom: 1px solid black;">1,203</td> <td style="text-align: right; border-bottom: 1px solid black;">-</td> </tr> <tr> <td>Weighted average number of ordinary shares for the purpose of diluted earnings per share</td> <td style="text-align: right; border-bottom: 3px double black;">23,772</td> <td style="text-align: right; border-bottom: 3px double black;">23,096</td> </tr> </tbody> </table>		Year ended 31/12/12	Year ended 31/12/11		HK\$'000	HK\$'000 (restated)	HKAS 33.70(a) <u>Earnings</u>			Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	23,578	27,514	Effect of dilutive potential ordinary shares:			Adjustment in relation to share options issued by subsidiaries of the Company	(83)	(70)	Interest on convertible notes (net of tax)	92	-	Earnings for the purpose of diluted earnings per share	23,587	27,444	HKAS 33.70(b) <u>Number of shares</u>				Year ended 31/12/12	Year ended 31/12/11		'000	'000	Weighted average number of ordinary shares for the purpose of basic earnings per share	22,496	23,005	Effect of dilutive potential ordinary shares:			Share options issued by the Company	73	91	Convertible notes	1,203	-	Weighted average number of ordinary shares for the purpose of diluted earnings per share	23,772	23,096
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HKAS 33.68	<p><i>From discontinued operations</i></p> <p>Basic earnings per share for the discontinued operations is HK36.94 cents per share (2011: HK43.45 cents per share) and diluted earnings per share for the discontinued operations is HK34.96 cents per share (2011: HK43.28 cents per share), based on the profit for the year from the discontinued operations of HK\$8.310 million (2011: HK\$9.995 million) and the denominators detailed above for both basic and diluted earnings per share.</p>																																														
HKAS 8.28(f)(ii)	<p><i>Impact of changes in accounting policies</i></p> <p>Changes in the Group's accounting policies during the year are described in detail in note 2. The table below summarises that impact on both basic and diluted earnings per share.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="4" style="width: 40%;"></th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Increase in profit for the year attributable to the owners of the Company</th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Increase in basic earnings per share</th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Increase in diluted earnings per share</th> </tr> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Year ended 31/12/12</th> <th style="text-align: center; border-bottom: 1px solid black;">Year ended 31/12/11</th> <th style="text-align: center; border-bottom: 1px solid black;">Year ended 31/12/12</th> <th style="text-align: center; border-bottom: 1px solid black;">Year ended 31/12/11</th> <th style="text-align: center; border-bottom: 1px solid black;">Year ended 31/12/12</th> <th style="text-align: center; border-bottom: 1px solid black;">Year ended 31/12/11</th> </tr> <tr> <th style="text-align: center; border-bottom: 1px solid black;">HK\$'000</th> <th style="text-align: center; border-bottom: 1px solid black;">HK\$'000</th> <th style="text-align: center; border-bottom: 1px solid black;">Cents per share</th> <th style="text-align: center; border-bottom: 1px solid black;">Cents per share</th> <th style="text-align: center; border-bottom: 1px solid black;">Cents per share</th> <th style="text-align: center; border-bottom: 1px solid black;">Cents per share</th> </tr> <tr> <th style="text-align: center; border-bottom: 1px solid black;"></th> <th style="text-align: center; border-bottom: 1px solid black;"></th> <th style="text-align: center; border-bottom: 1px solid black;"></th> <th style="text-align: center; border-bottom: 1px solid black;"></th> <th style="text-align: center; border-bottom: 1px solid black;"></th> <th style="text-align: center; border-bottom: 1px solid black;"></th> </tr> </thead> <tbody> <tr> <td>Changes in accounting policies relating to:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>- Application of the amendments to HKAS 12 (see note 2)</td> <td style="text-align: right; border-bottom: 1px solid black;">8</td> <td style="text-align: right; border-bottom: 1px solid black;">49</td> <td style="text-align: right; border-bottom: 1px solid black;">0.04</td> <td style="text-align: right; border-bottom: 1px solid black;">0.21</td> <td style="text-align: right; border-bottom: 1px solid black;">0.03</td> <td style="text-align: right; border-bottom: 1px solid black;">0.21</td> </tr> <tr> <td></td> <td style="text-align: right; border-bottom: 3px double black;">8</td> <td style="text-align: right; border-bottom: 3px double black;">49</td> <td style="text-align: right; border-bottom: 3px double black;">0.04</td> <td style="text-align: right; border-bottom: 3px double black;">0.21</td> <td style="text-align: right; border-bottom: 3px double black;">0.03</td> <td style="text-align: right; border-bottom: 3px double black;">0.21</td> </tr> </tbody> </table>		Increase in profit for the year attributable to the owners of the Company		Increase in basic earnings per share		Increase in diluted earnings per share		Year ended 31/12/12	Year ended 31/12/11	Year ended 31/12/12	Year ended 31/12/11	Year ended 31/12/12	Year ended 31/12/11	HK\$'000	HK\$'000	Cents per share	Cents per share	Cents per share	Cents per share							Changes in accounting policies relating to:							- Application of the amendments to HKAS 12 (see note 2)	8	49	0.04	0.21	0.03	0.21		8	49	0.04	0.21	0.03	0.21
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Source	Hong Kong GAAP Limited					
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued					
HKAS 16.73(a) HKAS 16.73(d), (e) Sch 10:12(8)	18. Property, plant and equipment					
					Equipment under finance lease	Total
	Leasehold land	Buildings	Property under construction	Plant and equipment	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
	Cost					
	Balance at 1 January 2011	19,055	13,972	-	157,794	630
	Additions	-	895	-	10,657	40
	Disposals	-	-	-	(25,788)	-
	Effect of foreign currency exchange differences	(860)	-	-	(1,498)	-
	Balance at 31 December 2011	18,195	14,867	-	141,165	670
	Additions	-	-	-	20,183	-
	Disposals	(1,439)	-	-	(12,401)	(624)
HKAS 16.74(b)	Construction expenditure capitalised	-	-	-	-	-
	Derecognised on disposal of a subsidiary	-	-	-	(8,419)	-
	Acquisitions through business combinations	-	-	-	512	-
	Reclassified as held for sale	(1,260)	(1,357)	-	(22,045)	-
	Effect of foreign currency exchange differences	309	-	-	1,673	-
	Balance at 31 December 2012	15,805	13,510	-	120,668	46
	Accumulated depreciation and impairment					
	Balance at 1 January 2011	(2,132)	(1,551)	-	(22,887)	(378)
	Eliminated on disposals of assets	-	-	-	4,610	-
	Depreciation expense	(1,002)	(947)	-	(13,715)	(130)
	Effect of foreign currency exchange differences	(3)	(2)	-	451	-
	Balance at 31 December 2011	(3,137)	(2,500)	-	(31,541)	(508)
	Eliminated on disposals of assets	-	106	-	3,602	500
	Eliminated on disposal of a subsidiary	-	-	-	2,757	-
	Eliminated on reclassification as held for sale	140	153	-	6,165	-
HKAS 36.126(a)	Impairment losses recognised in profit or loss	-	-	-	(1,204)	-
HKAS 36.126(b)	Reversals of impairment losses recognised in profit or loss	-	-	-	-	-
	Depreciation expense	(801)	(774)	-	(11,002)	(10)
	Effect of foreign currency exchange differences	-	-	-	(392)	-
	Balance at 31 December 2012	(3,798)	(3,015)	-	(31,615)	(18)
	Carrying amounts					
	Balance at 31 December 2012	12,007	10,495	-	89,053	28
	Balance at 31 December 2011	15,058	12,367	-	109,624	162

Source	Hong Kong GAAP Limited																																				
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p>																																				
HKAS 16.73(c)	<p>The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:</p> <table> <tr> <td>Leasehold land</td> <td>Over the term of the lease</td> </tr> <tr> <td>Buildings</td> <td>Over the shorter of the term of the lease, and 20 – 30 years</td> </tr> <tr> <td>Plant and equipment</td> <td>7 – 20%</td> </tr> <tr> <td>Equipment under finance lease</td> <td>20%</td> </tr> </table>	Leasehold land	Over the term of the lease	Buildings	Over the shorter of the term of the lease, and 20 – 30 years	Plant and equipment	7 – 20%	Equipment under finance lease	20%																												
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	<p>Impairment losses recognised in the current year</p>																																				
HKAS 36.130(a) to (g) HKAS 36.131	<p>During the year, as the result of the unexpected poor performance of a manufacturing plant, the Group carried out a review of the recoverable amount of that manufacturing plant and the related equipment. These assets are used in the Group's electronic equipment reportable segments. The review led to the recognition of an impairment loss of HK\$1.09 million, which has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was 9% per annum. No impairment assessment was performed in 2011 as there was no indication of impairment.</p> <p>Additional impairment losses recognised in respect of property, plant and equipment in the year amounted to HK\$0.114 million. These losses are attributable to greater than anticipated wear and tear. These assets are also used in the Group's electronic equipment reportable segments.</p>																																				
HKAS 36.126(a)	<p>The impairment losses have been included in profit or loss in the ['other gains and losses'] line item.</p>																																				
Sch 10:12(9) Sch 10:31(c)	<p>The carrying value of land shown above comprises:</p> <table> <thead> <tr> <th></th> <th style="text-align: right;"><u>31/12/12</u> HK\$'000</th> <th style="text-align: right;"><u>31/12/11</u> HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Land in Hong Kong:</td> <td></td> <td></td> </tr> <tr> <td> Long lease</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td> Medium-term lease</td> <td style="text-align: right;">1,600</td> <td style="text-align: right;">1,700</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>1,600</u></td> <td style="text-align: right;"><u>1,700</u></td> </tr> <tr> <td>Land outside Hong Kong:</td> <td></td> <td></td> </tr> <tr> <td> Freehold</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td> Long lease</td> <td style="text-align: right;">7,507</td> <td style="text-align: right;">10,210</td> </tr> <tr> <td> Medium-term lease</td> <td style="text-align: right;">2,900</td> <td style="text-align: right;">3,148</td> </tr> <tr> <td> Short lease</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>10,407</u></td> <td style="text-align: right;"><u>13,358</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>12,007</u></td> <td style="text-align: right;"><u>15,058</u></td> </tr> </tbody> </table>		<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000	Land in Hong Kong:			Long lease	-	-	Medium-term lease	1,600	1,700		<u>1,600</u>	<u>1,700</u>	Land outside Hong Kong:			Freehold	-	-	Long lease	7,507	10,210	Medium-term lease	2,900	3,148	Short lease	-	-		<u>10,407</u>	<u>13,358</u>		<u>12,007</u>	<u>15,058</u>
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	<p>Assets pledged as security</p>																																				
HKAS 16.74(a) Sch 10:12(4)	<p>Leasehold land and buildings with a carrying amount of approximately HK\$22.5 million (31 December 2011: approximately HK\$27.4 million) have been pledged to secure general banking facilities granted to the Group.</p>																																				

Source	Hong Kong GAAP Limited	
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued	
Sch 10:12(9)	19. Prepaid lease payments	
		<u>31/12/12</u> <u>31/12/11</u> HK\$'000 HK\$'000
	The Group's prepaid lease payments comprise:	
	Land outside Hong Kong	
	Long lease	- -
	Medium term lease	2,400 2,500
	Short lease	- -
		<u>2,400</u> <u>2,500</u>
	Analysed for reporting purposes as:	
	Current assets (included in trade and other receivables)	100 100
	Non-current assets	2,300 2,400
		<u>2,400</u> <u>2,500</u>
	20. Investment properties	
		<u>31/12/12</u> <u>31/12/11</u> HK\$'000 HK\$'000
	Completed investment properties	<u>2,086</u> <u>1,942</u>
		Year ended Year ended <u>31/12/12</u> <u>31/12/11</u> HK\$'000 HK\$'000
HKAS 40.76	At fair value	
	<i>Completed investment properties</i>	
	Balance at beginning of year	1,942 1,670
	Additions	100 32
	Disposals	- (58)
	Gain (loss) on property revaluation	50 298
	Effect of foreign currency exchange differences	(6) -
	Balance at end of year	<u>2,086</u> <u>1,942</u>

Section 2

Source	Hong Kong GAAP Limited																											
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p>																											
HKAS 40.75(d), (e)	The fair value of the Group's investment properties at 31 December 2012 and 2011 have been arrived at on the basis of a valuation carried out at that date by Messrs. [XYZ], independent qualified professional valuers not connected to the Group. Messrs. [XYZ] are members of the [Hong Kong Institute of Valuers]. The valuation was arrived at by reference to [market evidence of transaction prices for similar properties / others (please specify)].																											
HKAS 40.75(b)	The Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.																											
HKAS 40.75(g) Sch 10:12(4)	The Group's investment properties have been pledged to secure general banking facilities granted to the Group.																											
Sch 10:12(9)	<p>The carrying amounts of investment properties shown above comprises:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/12 HK\$'000</th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Land in Hong Kong:</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Long lease</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="padding-left: 20px;">Medium-term lease</td> <td style="text-align: right;">2,086</td> <td style="text-align: right;">1,942</td> </tr> <tr> <td>Land outside Hong Kong:</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Long lease</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="padding-left: 20px;">Medium-term lease</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="padding-left: 20px;">Short lease</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">2,086</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">1,942</td> </tr> </tbody> </table>		31/12/12 HK\$'000	31/12/11 HK\$'000	Land in Hong Kong:			Long lease	-	-	Medium-term lease	2,086	1,942	Land outside Hong Kong:			Long lease	-	-	Medium-term lease	-	-	Short lease	-	-		2,086	1,942
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HKAS 40.75	<p><i>Note: HKAS 40.75(d) requires entities to disclose methods and significant assumptions applied in determining the fair value of investment properties. Entities are also required to include a statement as to whether the determination of fair value is supported by market evidence or is more heavily based on other factors (which the entities should disclose).</i></p>																											

Source	Hong Kong GAAP Limited		
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued		
	21. Goodwill		
		<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000
HKFRS 3.B67(d)	Cost		
	Balance at beginning of year Additional amounts recognised from business combinations occurring during the year (see note 50) Derecognised on disposal of a subsidiary (see note 51) Reclassified as held for sale (see note 12) Effect of foreign currency exchange differences Others [please describe]	24,060 478 (3,080) (1,147) 209 -	23,920 - - - 140 -
	Balance at end of year	<u>20,520</u>	<u>24,060</u>
	Accumulated impairment losses		
HKAS 36.126(a)	Balance at beginning of year Impairment losses recognised in the year Derecognised on disposal of a subsidiary Reclassified as held for sale Effect of foreign currency exchange differences	- (235) - - -	- - - - -
	Balance at end of year	<u>(235)</u>	<u>-</u>
	Carrying amounts		
	Balance at 31 December	<u>20,285</u>	<u>24,060</u>

Source	Hong Kong GAAP Limited																		
HKAS 36.134, 135	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>22. Impairment testing on goodwill</p> <p>Goodwill has been allocated for impairment testing purposes to the following groups of cash-generating units:</p> <ul style="list-style-type: none"> • Leisure goods – retail outlets • Electronic equipment – internet sales • Construction operations – Murphy Construction • Construction operations – other. <p>Before recognition of impairment losses, the carrying amount of goodwill (other than goodwill relating to discontinued operations) was allocated to groups of cash-generating units as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/12 HK\$'000</th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Leisure goods – retail outlets</td> <td style="text-align: right;">9,729</td> <td style="text-align: right;">9,620</td> </tr> <tr> <td>Electronic equipment – internet sales</td> <td style="text-align: right;">9,056</td> <td style="text-align: right;">8,478</td> </tr> <tr> <td>Construction operations – Murphy Construction</td> <td style="text-align: right;">235</td> <td style="text-align: right;">235</td> </tr> <tr> <td>Construction operations – other</td> <td style="text-align: right; border-bottom: 1px solid black;">1,500</td> <td style="text-align: right; border-bottom: 1px solid black;">1,500</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">20,520</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">19,833</td> </tr> </tbody> </table> <p><i>Leisure goods – retail outlets</i></p> <p>The recoverable amount of this group of cash-generating units is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of 15% per annum (2011: 12.5% per annum).</p> <p>Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a steady 5% per annum growth rate which is the projected long-term average growth rate for the international leisure goods market. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the group of units to exceed the aggregate its recoverable amount.</p> <p><i>Electronic equipment – internet sales</i></p> <p>The recoverable amount of the 'electronic equipment – internet sales' segment as a cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of 15% per annum (2011: 12.5% per annum). Cash flows beyond that five-year period have been extrapolated using a steady growth rate of 11% per annum (2011: 11%). This growth rate exceeds the long-term average growth rate for the international electronic equipment market by 0.5 percentage points. However, among other factors, the internet sales cash-generating unit benefits from the protection of a 20-year patent on the Series Z electronic equipment, granted in 2007, which is still acknowledged as one of the top models in the market. The steady growth rate of 11% is estimated by the directors based on past performance and their expectations of market development. The directors estimate that a decrease in growth rate by 1 to 5% would result in the aggregate carrying amount of the cash-generating unit exceeding the recoverable amount of the cash-generating unit by approximately HK\$ 1 to 5 million. The directors believe that any reasonably possible change in the other key assumptions on which recoverable amount is based would not cause the 'electronic equipment – internet sales' carrying amount to exceed its recoverable amount.</p>		31/12/12 HK\$'000	31/12/11 HK\$'000	Leisure goods – retail outlets	9,729	9,620	Electronic equipment – internet sales	9,056	8,478	Construction operations – Murphy Construction	235	235	Construction operations – other	1,500	1,500		20,520	19,833
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Source	Hong Kong GAAP Limited						
HKAS 36.130	<p data-bbox="363 248 935 302">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="363 331 919 358"><i>Construction operations – Murphy Construction</i></p> <p data-bbox="363 389 1441 663">The goodwill associated with Murphy Construction arose when that business was acquired by the Group in 2006. The business has continued to operate on a satisfactory basis, but without achieving any significant increase in market share. During the year, the government of A Land introduced new regulations requiring registration and certification of builders for government contracts. In the light of the decision to focus the Group's construction activities through the other operating units in Subthree Limited, the directors have decided not to register Murphy Construction for this purpose, which means that it has no prospects of obtaining future contracts. The directors have consequently determined to write off the goodwill directly related to Murphy Construction amounting to HK\$235,000. No other write-down of the assets of Murphy Construction is considered necessary. Contracts in progress at the end of the year will be completed without loss to the Group.</p> <p data-bbox="363 692 1377 719">The impairment loss has been included in profit or loss in the 'other gains and losses' line item.</p> <p data-bbox="363 748 735 775"><i>Construction operations – other</i></p> <p data-bbox="363 804 1441 1021">The recoverable amount of the Group's remaining construction operations has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of 15% per annum (2011: 12.5% per annum). Cash flows beyond that five-year period have been extrapolated using a steady 8% per annum growth rate. This growth rate does not exceed the long-term average growth rate for the construction market in A Land. The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.</p> <p data-bbox="363 1050 1370 1104">The key assumptions used in the value in use calculations for the leisure goods and electronic equipment cash-generating units are as follows:</p> <table border="0" data-bbox="363 1133 1441 1599"> <tr> <td data-bbox="363 1133 671 1160">Budgeted market share</td> <td data-bbox="711 1133 1441 1294">Average market share in the period immediately before the budget period, plus a growth of 1-2% of market share per year. The values assigned to the assumption reflect past experience and are consistent with the directors' plans for focusing operations in these markets. The directors believe that the planned market share growth per year for the next five years is reasonably achievable.</td> </tr> <tr> <td data-bbox="363 1323 619 1350">Budgeted gross margin</td> <td data-bbox="711 1323 1441 1462">Average gross margins achieved in the period immediately before the budget period, increased for expected efficiency improvements. This reflects past experience, except for efficiency improvements. The directors expect efficiency improvements of 3 - 5% per year to be reasonably achievable.</td> </tr> <tr> <td data-bbox="363 1491 671 1518">Raw materials price inflation</td> <td data-bbox="711 1491 1441 1599">Forecast consumer price indices during the budget period for the countries from which raw materials are purchased. The values assigned to the key assumption are consistent with external sources of information.</td> </tr> </table>	Budgeted market share	Average market share in the period immediately before the budget period, plus a growth of 1-2% of market share per year. The values assigned to the assumption reflect past experience and are consistent with the directors' plans for focusing operations in these markets. The directors believe that the planned market share growth per year for the next five years is reasonably achievable.	Budgeted gross margin	Average gross margins achieved in the period immediately before the budget period, increased for expected efficiency improvements. This reflects past experience, except for efficiency improvements. The directors expect efficiency improvements of 3 - 5% per year to be reasonably achievable.	Raw materials price inflation	Forecast consumer price indices during the budget period for the countries from which raw materials are purchased. The values assigned to the key assumption are consistent with external sources of information.
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Raw materials price inflation	Forecast consumer price indices during the budget period for the countries from which raw materials are purchased. The values assigned to the key assumption are consistent with external sources of information.						

Section 2

Source	Hong Kong GAAP Limited					
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued					
	23. Other intangible assets					
		Capitalised development costs	Patents	Trademarks	Licences	Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
HKAS 38.118(c),(e)	Cost					
	Balance at 1 January 2011	3,230	5,825	4,711	6,940	20,706
	Additions	-	-	-	-	-
	Additions from internal developments	358	-	-	-	358
	Acquisitions through business combinations	-	-	-	-	-
	Disposals or reclassified as held for sale	-	-	-	-	-
	Effect of foreign currency exchange differences	-	-	-	-	-
	Others [please describe]	-	-	-	-	-
	Balance at 31 December 2011	3,588	5,825	4,711	6,940	21,064
	Additions	-	-	-	-	-
	Additions from internal developments	6	-	-	-	6
	Acquisitions through business combinations	-	-	-	-	-
	Disposals or reclassified as held for sale	-	-	-	-	-
	Effect of foreign currency exchange differences	-	-	-	-	-
	Others [please describe]	-	-	-	-	-
	Balance at 31 December 2012	<u>3,594</u>	<u>5,825</u>	<u>4,711</u>	<u>6,940</u>	<u>21,070</u>
	Accumulated amortisation and impairment					
	Balance at 1 January 2011	(1,000)	(874)	(3,533)	(2,776)	(8,183)
	Amortisation expense	(682)	(291)	(236)	(347)	(1,556)
HKAS 36.130(b)	Disposals or reclassified as held for sale	-	-	-	-	-
	Impairment losses recognised in profit or loss	-	-	-	-	-
HKAS 36.130(b)	Reversals of impairment losses recognised in profit or loss	-	-	-	-	-
	Effect of foreign currency exchange differences	-	-	-	-	-
	Others [please describe]	-	-	-	-	-
	Balance at 31 December 2011	(1,682)	(1,165)	(3,769)	(3,123)	(9,739)
	Amortisation expense	(718)	(291)	(236)	(347)	(1,592)
HKAS 36.130(b)	Disposals or reclassified as held for sale	-	-	-	-	-
	Impairment losses recognised in profit or loss	-	-	-	-	-
HKAS 36.130(b)	Reversals of impairment losses recognised in profit or loss	-	-	-	-	-
	Effect of foreign currency exchange differences	-	-	-	-	-
	Others [please describe]	-	-	-	-	-
	Balance at 31 December 2012	<u>(2,400)</u>	<u>(1,456)</u>	<u>(4,005)</u>	<u>(3,470)</u>	<u>(11,331)</u>
	Carrying amounts					
	Balance at 31 December 2012	<u>1,194</u>	<u>4,369</u>	<u>706</u>	<u>3,470</u>	<u>9,739</u>
	Balance at 31 December 2011	<u>1,906</u>	<u>4,660</u>	<u>942</u>	<u>3,817</u>	<u>11,325</u>
HKAS 38.118(a)	The following useful lives are used in the calculation of amortisation:					
	Capitalised development costs	5 years				
	Patents	20 years				
	Trademarks	20 years				
	Licences	20 years				

Source	Hong Kong GAAP Limited																																																					
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>24. Interests in associates</p> <p>Details of the Group's interests in associates are as follows:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">31/12/12 HK\$'000</th> <th style="text-align: right;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Sch 10:9(1)(a) Cost of investments in associates</td> <td></td> <td></td> </tr> <tr> <td> Listed in Hong Kong</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td> Listed outside Hong Kong</td> <td style="text-align: right;">1,856</td> <td style="text-align: right;">1,856</td> </tr> <tr> <td> Unlisted</td> <td style="text-align: right;">2,624</td> <td style="text-align: right;">2,824</td> </tr> <tr> <td>Share of post-acquisition profits and other comprehensive income, net of dividends received</td> <td style="text-align: right; border-top: 1px solid black;">2,839</td> <td style="text-align: right; border-top: 1px solid black;">2,590</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">7,319</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">7,270</td> </tr> </tbody> </table> <p>As at 31 December 2012 and 2011, the Group had interests in the following associates:</p> <table border="1"> <thead> <tr> <th>Name of entity</th> <th>Form of entity</th> <th>Place of incorporation</th> <th>Principal place of operation</th> <th>Class of shares held</th> <th>Proportion of nominal value of issued capital held by the Group</th> <th>Proportion of voting power held</th> <th>Principal activities</th> </tr> </thead> <tbody> <tr> <td>A Plus Limited</td> <td>Incorporated</td> <td>A Land</td> <td>A Land</td> <td>Ordinary</td> <td>17%</td> <td>17% (Note 1)</td> <td>Transport</td> </tr> <tr> <td>B Plus Limited</td> <td>Incorporated</td> <td>B Land</td> <td>B Land</td> <td>Ordinary</td> <td>56%</td> <td>56% (Note 2)</td> <td>Finance</td> </tr> <tr> <td>C Plus Limited</td> <td>Incorporated</td> <td>C Land</td> <td>C Land</td> <td>Ordinary</td> <td>45%</td> <td>45% (Note 3)</td> <td>Manufacture of electronic equipment</td> </tr> </tbody> </table> <p>Notes:</p> <p>1) The Group is able to exercise significant influence over A Plus Limited because it has the power to appoint two out of the six directors of that company under the Articles of Association of that company.</p> <p>2) The Group holds 56% of the issued share capital of B Plus Limited. However, under a shareholders' agreement, the other shareholder controls the composition of the board of directors of B Plus Limited and therefore the Group does not control B Plus Limited. The directors of the Company consider that the Group does have significant influence over B Plus Limited and it is therefore classified as an associate of the Group.</p> <p>3) The financial year end date for C Plus Limited is 31 October. For the purpose of applying the equity method of accounting, the consolidated financial statements of C Plus Limited for the year ended 31 October 2012 (2011: 31 October 2011) have been used as the Group considers that it is impracticable for C Plus Limited to prepare a separate set of consolidated financial statements as of 31 December. Appropriate adjustments have been made accordingly for the effects of significant transactions between that date and 31 December 2012. As at 31 December 2012, the fair value of the Group's interest in C Plus Limited, of which its shares are listed on The Stock Exchange of C Land, was HK\$8.0 million (31 December 2011: HK\$7.8 million)</p>		31/12/12 HK\$'000	31/12/11 HK\$'000	Sch 10:9(1)(a) Cost of investments in associates			Listed in Hong Kong	-	-	Listed outside Hong Kong	1,856	1,856	Unlisted	2,624	2,824	Share of post-acquisition profits and other comprehensive income, net of dividends received	2,839	2,590		7,319	7,270	Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued capital held by the Group	Proportion of voting power held	Principal activities	A Plus Limited	Incorporated	A Land	A Land	Ordinary	17%	17% (Note 1)	Transport	B Plus Limited	Incorporated	B Land	B Land	Ordinary	56%	56% (Note 2)	Finance	C Plus Limited	Incorporated	C Land	C Land	Ordinary	45%	45% (Note 3)	Manufacture of electronic equipment
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Section 2

Source	Hong Kong GAAP Limited	
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued	
HKAS 28.37(b)	Summarised financial information in respect of the Group's associates is set out below:	
	<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000
Total assets	42,932	38,178
Total liabilities	<u>(14,848)</u>	<u>(12,218)</u>
Net assets	<u>28,084</u>	<u>25,960</u>
Group's share of net assets of associates	<u>7,319</u>	<u>7,270</u>
	<u>Year ended 31/12/12</u> HK\$'000	<u>Year ended 31/12/11</u> HK\$'000
Total revenue	<u>12,054</u>	<u>11,904</u>
Total profit for the year	<u>3,953</u>	<u>5,479</u>
Group's share of profits of associates	<u>1,186</u>	<u>1,589</u>
Group's share of other comprehensive income of associates	<u>-</u>	<u>-</u>
<p>In the prior year, the Group held a 40% interest in E Plus Limited and accounted for the investment as an associate. In December 2012, the Group transferred a 30% interest in E Plus Limited to a third party for proceeds of HK\$1.245 million (received in January 2013). The Group has retained the remaining 10% interest as an available-for-sale investment whose fair value at the date of disposal was HK\$360,000. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:</p>		
		HK\$'000
Proceeds of disposal		1,245
Plus: fair value of investment retained (10%)		360
Less: carrying amount of the 40% investment on the date of loss of significant influence		<u>(1,024)</u>
Gain recognised		<u>581</u>
<p>The gain recognised in the current year comprises a realised profit of HK\$477,000 (being the proceeds of HK\$1.245 million less HK\$768,000 carrying amount of the interest disposed of) and a unrealised profit of HK\$104,000 (being the fair value less the carrying amount of the 10% interest retained). A current tax expense of HK\$119,000 arose on the gain realised in the current year, and a deferred tax expense of HK\$26,000 has been recognised in respect of the portion of the profit recognised that is not taxable until the remaining interest is disposed of.</p>		

Source	Hong Kong GAAP Limited																											
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>25. Joint ventures</p> <p>As at 31 December 2012 and 2011, the Group had interests in the following significant jointly controlled entities:</p> <table border="1"> <thead> <tr> <th>Name of entity</th> <th>Form of entity</th> <th>Place of incorporation</th> <th>Principal place of operation</th> <th>Class of shares held</th> <th>Proportion of nominal value of issued capital held by the Group</th> <th>Proportion of voting power held</th> <th>Principal activities</th> </tr> </thead> <tbody> <tr> <td>A JV Limited</td> <td>Incorporated</td> <td>Hong Kong</td> <td>Hong Kong</td> <td>Ordinary</td> <td>25%</td> <td>25%</td> <td>Manufacture of electronic equipment</td> </tr> <tr> <td>B JV Limited</td> <td>Incorporated</td> <td>Hong Kong</td> <td>Hong Kong</td> <td>Ordinary</td> <td>40%</td> <td>40%</td> <td>Manufacture of electronic equipment</td> </tr> </tbody> </table>	Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued capital held by the Group	Proportion of voting power held	Principal activities	A JV Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	25%	25%	Manufacture of electronic equipment	B JV Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	40%	40%	Manufacture of electronic equipment			
Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued capital held by the Group	Proportion of voting power held	Principal activities																					
A JV Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	25%	25%	Manufacture of electronic equipment																					
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HKAS 31.56 s129(1)&(2) s129(4)&(5)																												
HKAS 31.56	<p>The summarised financial information in respect of the Group's interests in the jointly controlled entities which are accounted for using proportionate consolidation with the line-by-line reporting format is set out below:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">31/12/12 HK\$'000</th> <th style="text-align: right;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Current assets</td> <td style="text-align: right;">1,800</td> <td style="text-align: right;">1,850</td> </tr> <tr> <td>Non-current assets</td> <td style="text-align: right;">8,993</td> <td style="text-align: right;">9,854</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">936</td> <td style="text-align: right;">785</td> </tr> <tr> <td>Non-current liabilities</td> <td style="text-align: right;">5,858</td> <td style="text-align: right;">5,521</td> </tr> <tr> <td></td> <td style="text-align: right;">Year ended 31/12/12 HK\$'000</td> <td style="text-align: right;">Year ended 31/12/11 HK\$'000</td> </tr> <tr> <td>Income</td> <td style="text-align: right;">2,124</td> <td style="text-align: right;">2,005</td> </tr> <tr> <td>Expenses</td> <td style="text-align: right;">1,787</td> <td style="text-align: right;">1,763</td> </tr> <tr> <td>Other comprehensive income</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> </tbody> </table>		31/12/12 HK\$'000	31/12/11 HK\$'000	Current assets	1,800	1,850	Non-current assets	8,993	9,854	Current liabilities	936	785	Non-current liabilities	5,858	5,521		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000	Income	2,124	2,005	Expenses	1,787	1,763	Other comprehensive income	-	-
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HKFRS 7.7 HKFRS 7.8(b)	<p>26. Held-to-maturity investments</p> <p>Held-to-maturity investments comprise:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">31/12/12 HK\$'000</th> <th style="text-align: right;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Debt securities (Note)</td> <td style="text-align: right;">6,863</td> <td style="text-align: right;">5,262</td> </tr> <tr> <td>Analysed for reporting purposes as:</td> <td></td> <td></td> </tr> <tr> <td> Current assets</td> <td style="text-align: right;">4,804</td> <td style="text-align: right;">3,604</td> </tr> <tr> <td> Non-current assets</td> <td style="text-align: right;">2,059</td> <td style="text-align: right;">1,658</td> </tr> <tr> <td></td> <td style="text-align: right;">6,863</td> <td style="text-align: right;">5,262</td> </tr> </tbody> </table>		31/12/12 HK\$'000	31/12/11 HK\$'000	Debt securities (Note)	6,863	5,262	Analysed for reporting purposes as:			Current assets	4,804	3,604	Non-current assets	2,059	1,658		6,863	5,262									
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HKFRS 7.7	<p>Note: The Group's held-to-maturity investments represent debt securities that are issued by financial institutions and are listed in Hong Kong, and carry fixed interest at 6%-7.5% (2011: 6.5%-7.5%) per annum, payable monthly, and will mature from March 2013 to March 2014 (2011: March 2012 to March 2014). None of these assets has been past due or impaired at the end of the reporting period.</p>																											

Source	Hong Kong GAAP Limited																																							
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>27. Available-for-sale investments</p> <p>Available-for-sale investments comprise:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">31/12/12</th> <th style="text-align: right;">31/12/11</th> </tr> <tr> <th></th> <th style="text-align: right;">HK\$'000</th> <th style="text-align: right;">HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Listed investments:</td> <td></td> <td></td> </tr> <tr> <td>- Equity securities listed in Hong Kong</td> <td style="text-align: right;">2,560</td> <td style="text-align: right;">2,315</td> </tr> <tr> <td>- Debt securities listed in Hong Kong (Note 1)</td> <td style="text-align: right;">2,200</td> <td style="text-align: right;">2,122</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>4,760</u></td> <td style="text-align: right;"><u>4,437</u></td> </tr> <tr> <td>Unlisted investments:</td> <td></td> <td></td> </tr> <tr> <td>- Equity securities (Note 2)</td> <td style="text-align: right;">840</td> <td style="text-align: right;">420</td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>5,600</u></td> <td style="text-align: right;"><u>4,857</u></td> </tr> <tr> <td>Analysed for reporting purposes as:</td> <td></td> <td></td> </tr> <tr> <td>Current assets</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Non-current assets</td> <td style="text-align: right;">5,600</td> <td style="text-align: right;">4,857</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>5,600</u></td> <td style="text-align: right;"><u>4,857</u></td> </tr> </tbody> </table> <p>Notes:</p> <p>1) The Group holds listed redeemable notes with fixed interest of 7% (2011: 7%) per annum. The notes are redeemable at par value in 2014 (2011: redeemable at par value in 2014). The notes are held with a single counterparty with an AA credit rating. The Group holds no collateral over this balance.</p> <p>2) The Group holds 20% (2011: 20%) of the ordinary share capital of Rocket Corp Limited, a company involved in the refining and distribution of fuel products. The directors of the Company do not believe that the Group is able to exercise significant influence over Rocket Corp Limited as the other 80% of the ordinary share capital is held by one shareholder, who also manages the day-to-day operations of that company.</p> <p>At 31 December 2012, the Group also holds a 10% interest in E Plus Limited (see note 24).</p> <p>The unlisted equity securities are measured at fair value and are classified as Level 3 fair value measurement (see note 49.3.1). Fair value is estimated using a discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates. In determining the fair value, an earnings growth factor of 4.8 - 5.2% (2011: 4.9%) and a risk adjusted discount factor of 12.2 – 13.6% (31 December 2011: 11.9%) are used. If these inputs to the valuation model were 10% higher/lower while all the other variables were held constant, the carrying amount of the unlisted equity securities would decrease/increase by HK\$80,000 (31 December 2011: HK\$40,000).</p>		31/12/12	31/12/11		HK\$'000	HK\$'000	Listed investments:			- Equity securities listed in Hong Kong	2,560	2,315	- Debt securities listed in Hong Kong (Note 1)	2,200	2,122		<u>4,760</u>	<u>4,437</u>	Unlisted investments:			- Equity securities (Note 2)	840	420	Total	<u>5,600</u>	<u>4,857</u>	Analysed for reporting purposes as:			Current assets	-	-	Non-current assets	5,600	4,857		<u>5,600</u>	<u>4,857</u>
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	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>28. Finance lease receivables</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><u>31/12/12</u> HK\$'000</th> <th style="text-align: right;"><u>31/12/11</u> HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Current finance lease receivables</td> <td style="text-align: right;">198</td> <td style="text-align: right;">188</td> </tr> <tr> <td>Non-current finance lease receivables</td> <td style="text-align: right;"><u>830</u></td> <td style="text-align: right;"><u>717</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>1,028</u></td> <td style="text-align: right;"><u>905</u></td> </tr> </tbody> </table> <p>Leasing arrangements</p> <p>HKAS 17.47(f) HKFRS 7.7 Certain of the group's storage equipment are leased out under finance leases. All leases are denominated in Hong Kong dollars. The average term of finance leases entered into is 4 years.</p> <p>Amounts receivable under finance leases</p> <table border="1"> <thead> <tr> <th rowspan="3"></th> <th colspan="2" style="text-align: center;"><u>Minimum lease payments</u></th> <th colspan="2" style="text-align: center;"><u>Present value of minimum lease payments</u></th> </tr> <tr> <th style="text-align: center;"><u>31/12/12</u></th> <th style="text-align: center;"><u>31/12/11</u></th> <th style="text-align: center;"><u>31/12/12</u></th> <th style="text-align: center;"><u>31/12/11</u></th> </tr> <tr> <th style="text-align: center;">HK\$'000</th> <th style="text-align: center;">HK\$'000</th> <th style="text-align: center;">HK\$'000</th> <th style="text-align: center;">HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Not later than one year</td> <td style="text-align: right;">282</td> <td style="text-align: right;">279</td> <td style="text-align: right;">198</td> <td style="text-align: right;">188</td> </tr> <tr> <td>Later than one year and not later than five years</td> <td style="text-align: right;"><u>1,074</u></td> <td style="text-align: right;"><u>909</u></td> <td style="text-align: right;"><u>830</u></td> <td style="text-align: right;"><u>717</u></td> </tr> <tr> <td></td> <td style="text-align: right;">1,356</td> <td style="text-align: right;">1,188</td> <td style="text-align: right;">1,028</td> <td style="text-align: right;">905</td> </tr> <tr> <td>Less: unearned finance income</td> <td style="text-align: right;"><u>(328)</u></td> <td style="text-align: right;"><u>(283)</u></td> <td style="text-align: right;">n/a</td> <td style="text-align: right;">n/a</td> </tr> <tr> <td>Present value of minimum lease payments receivable</td> <td style="text-align: right;">1,028</td> <td style="text-align: right;">905</td> <td style="text-align: right;">1,028</td> <td style="text-align: right;">905</td> </tr> <tr> <td>Allowance for uncollectible lease payments</td> <td style="text-align: right;"><u>-</u></td> <td style="text-align: right;"><u>-</u></td> <td style="text-align: right;"><u>-</u></td> <td style="text-align: right;"><u>-</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>1,028</u></td> <td style="text-align: right;"><u>905</u></td> <td style="text-align: right;"><u>1,028</u></td> <td style="text-align: right;"><u>905</u></td> </tr> </tbody> </table> <p>HKAS 17.47(b) Less: unearned finance income</p> <p>HKAS 17.47(d) Present value of minimum lease payments receivable</p> <p>HKAS 17.47(c) Unguaranteed residual values of assets leased under finance leases at the end of the reporting period are estimated at HK\$37,000 (31 December 2011: HK\$42,000).</p> <p>HKFRS 7.7 The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate is approximately 10.5% (31 December 2011: 11%) per annum.</p> <p>HKFRS 7.15 Finance lease receivable balances are secured over the storage equipment leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.</p> <p>HKFRS 7.36(c) The finance lease receivables at the end of the reporting period are neither past due nor impaired.</p>		<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000	Current finance lease receivables	198	188	Non-current finance lease receivables	<u>830</u>	<u>717</u>		<u>1,028</u>	<u>905</u>		<u>Minimum lease payments</u>		<u>Present value of minimum lease payments</u>		<u>31/12/12</u>	<u>31/12/11</u>	<u>31/12/12</u>	<u>31/12/11</u>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Not later than one year	282	279	198	188	Later than one year and not later than five years	<u>1,074</u>	<u>909</u>	<u>830</u>	<u>717</u>		1,356	1,188	1,028	905	Less: unearned finance income	<u>(328)</u>	<u>(283)</u>	n/a	n/a	Present value of minimum lease payments receivable	1,028	905	1,028	905	Allowance for uncollectible lease payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>1,028</u>	<u>905</u>	<u>1,028</u>	<u>905</u>
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Not later than one year	282	279	198	188																																																									
Later than one year and not later than five years	<u>1,074</u>	<u>909</u>	<u>830</u>	<u>717</u>																																																									
	1,356	1,188	1,028	905																																																									
Less: unearned finance income	<u>(328)</u>	<u>(283)</u>	n/a	n/a																																																									
Present value of minimum lease payments receivable	1,028	905	1,028	905																																																									
Allowance for uncollectible lease payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>																																																									
	<u>1,028</u>	<u>905</u>	<u>1,028</u>	<u>905</u>																																																									

Section 2

Source	Hong Kong GAAP Limited																														
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p>																														
HKAS 2.36(b)	<p>29. Inventories</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/12 HK\$'000</th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Raw materials</td> <td style="text-align: right;">5,272</td> <td style="text-align: right;">4,522</td> </tr> <tr> <td>Work in progress</td> <td style="text-align: right;">4,790</td> <td style="text-align: right;">4,554</td> </tr> <tr> <td>Finished goods</td> <td style="text-align: right; border-bottom: 1px solid black;">9,492</td> <td style="text-align: right; border-bottom: 1px solid black;">11,862</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">19,554</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">20,938</td> </tr> </tbody> </table>		31/12/12 HK\$'000	31/12/11 HK\$'000	Raw materials	5,272	4,522	Work in progress	4,790	4,554	Finished goods	9,492	11,862		19,554	20,938															
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HKAS 1.61	<p>Inventories of HK\$1.29 million (31 December 2011: HK\$0.86 million) are expected to be recovered after more than twelve months.</p> <p>30. Trade and other receivables</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/12 HK\$'000</th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Trade receivables</td> <td style="text-align: right;">19,294</td> <td style="text-align: right;">15,070</td> </tr> <tr> <td>Allowance for doubtful debts</td> <td style="text-align: right; border-bottom: 1px solid black;">(798)</td> <td style="text-align: right; border-bottom: 1px solid black;">(838)</td> </tr> <tr> <td></td> <td style="text-align: right;">18,496</td> <td style="text-align: right;">14,232</td> </tr> <tr> <td>Deferred sales proceeds</td> <td></td> <td></td> </tr> <tr> <td> - toy manufacturing operations (see note 51)</td> <td style="text-align: right;">960</td> <td style="text-align: right;">-</td> </tr> <tr> <td> - partial disposal of E Plus Limited (see note 24)</td> <td style="text-align: right;">1,245</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Prepaid lease payments (see note 19)</td> <td style="text-align: right;">100</td> <td style="text-align: right;">100</td> </tr> <tr> <td>Others [please describe]</td> <td style="text-align: right; border-bottom: 1px solid black;">194</td> <td style="text-align: right; border-bottom: 1px solid black;">460</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">20,995</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">14,792</td> </tr> </tbody> </table>		31/12/12 HK\$'000	31/12/11 HK\$'000	Trade receivables	19,294	15,070	Allowance for doubtful debts	(798)	(838)		18,496	14,232	Deferred sales proceeds			- toy manufacturing operations (see note 51)	960	-	- partial disposal of E Plus Limited (see note 24)	1,245	-	Prepaid lease payments (see note 19)	100	100	Others [please describe]	194	460		20,995	14,792
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HKFRS 7.14(a), 42D(a), (b), (c), (f)	<p>During the year, the Group discounted trade receivables with an aggregate carrying amount of HK\$3.102 million to a bank for cash proceeds of HK\$3 million (2011: nil). If the trade receivables are not paid at maturity, the bank has the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (see note 36).</p>																														
HKFRS 7.42D(e)	<p>At the end of the reporting period, the carrying amount of the trade receivables that have been transferred but have not been derecognised amounted to HK\$2.792 million and the carrying amount of the associated liability is HK\$2.769 million.</p>																														
App 16.4(2)(b)(ii) GR 18.50B(2)(b) (ii)	<p>The following is an analysis of trade receivables by age, presented based on the invoice date. The analysis below includes those classified as part of a disposal group held for sale, net of allowance for doubtful debts:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/12 HK\$'000</th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>0-60 days</td> <td style="text-align: right;">18,914</td> <td style="text-align: right;">13,099</td> </tr> <tr> <td>61-90 days</td> <td style="text-align: right;">1,100</td> <td style="text-align: right;">800</td> </tr> <tr> <td>91-120 days</td> <td style="text-align: right; border-bottom: 1px solid black;">462</td> <td style="text-align: right; border-bottom: 1px solid black;">333</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">20,476</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">14,232</td> </tr> </tbody> </table>		31/12/12 HK\$'000	31/12/11 HK\$'000	0-60 days	18,914	13,099	61-90 days	1,100	800	91-120 days	462	333		20,476	14,232															
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HKFRS 7.36(c), 37	<p>The average credit period on sales of goods is 60 days. No interest is charged on trade receivables for the first 60 days from the date of the invoice. Thereafter, interest is charged at 2% per annum on the outstanding balance. The Group has recognised an allowance for doubtful debts of 100% against all receivables over 120 days because historical experience has been that receivables that are past due beyond 120 days are not recoverable. Allowances for doubtful debts are recognised against trade receivables between 61 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.</p>																														

Source	Hong Kong GAAP Limited		
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued		
HKFRS 7.34(c), 36(c)	Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. 80% (31 December 2011: 75%) of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Group. Of the trade receivables balance at the end of the year, HK\$6.9 million (31 December 2011: HK\$5.9 million) is due from the Group's largest customer. There are no other customers who represent more than 5% of the total balance of trade receivables.		
HKFRS 7.37	Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts (which include interest accrued) are still considered recoverable.		
HKFRS 7.37(a)	Age of receivables that are past due but not impaired		
		<u>31/12/12</u>	<u>31/12/11</u>
		HK\$'000	HK\$'000
	Overdue by:		
	1-30 days	300	190
	31-60 days	211	256
	61-90 days	<u>251</u>	<u>77</u>
	Total	<u>762</u>	<u>523</u>
	Average age (days)	<u>62</u>	<u>52</u>
HKFRS 7.16	Movement in the allowance for doubtful debts		
		Year ended	Year ended
		<u>31/12/12</u>	<u>31/12/11</u>
		HK\$'000	HK\$'000
	Balance at beginning of the year	838	628
	Impairment losses recognised on receivables	63	430
	Amounts written off during the year as uncollectible	-	(220)
	Amounts recovered during the year	-	-
	Impairment losses reversed	(103)	-
	Foreign exchange translation gains and losses	<u>-</u>	<u>-</u>
HKFRS 7.20(e)	Balance at end of year	<u>798</u>	<u>838</u>
HKFRS 7.33(a), (b)	In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.		
HKFRS 7.37(b)	Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of HK\$63,000 (31 December 2011: HK\$52,000) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.		
HKFRS 7.37(b)	Age of impaired trade receivables		
		<u>31/12/12</u>	<u>31/12/11</u>
		HK\$'000	HK\$'000
	Overdue by:		
	60-90 days	353	320
	91-120 days	191	101
	>120 days	<u>654</u>	<u>717</u>
	Total	<u>1,198</u>	<u>1,138</u>

Section 2

Source	Hong Kong GAAP Limited				
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued				
	31. Amounts due from (to) customers for contract work				
		<u>31/12/12</u>		<u>31/12/11</u>	
		HK\$'000		HK\$'000	
	<i>Contracts in progress at the end of the reporting period</i>				
HKAS 11.40	Contract costs incurred plus recognised profits less recognised losses	1,517		1,386	
	Less: progress billings	<u>(1,313)</u>		<u>(1,171)</u>	
		<u>204</u>		<u>215</u>	
HKAS 11.42	Analysed for reporting purposes as:				
	Amounts due from contract customers	240		230	
	Amounts due to contract customers	<u>(36)</u>		<u>(15)</u>	
		<u>204</u>		<u>215</u>	
HKAS 11.40(c)	At 31 December 2012, retentions held by customers for contract works amounted to HK\$75,000 (31 December 2011: HK\$69,000). Advances received from customers for contract work amounted to HK\$14,000 (31 December 2011: nil).				
HKFRS 7.7	32. Amounts due from directors				
s161B	Directors' current accounts/loans to officers disclosed pursuant to section 161B of the Companies Ordinance are as follows:				
		Balance at	Balance at	Maximum amount	
	Director	31/12/12	1/1/12	outstanding	
		HK\$'000	HK\$'000	during the year	
				HK\$'000	
	Gary D.K. Wong	440	-	480	
	Daniel D.D. Lee	<u>216</u>	<u>107</u>	216	
		<u>656</u>	<u>107</u>		
HKFRS 7.15	Note: The loan is secured over a property owned by Gary D.K. Wong. The Group is not permitted to sell or repledge the collateral in the absence of default by that director. Gary D.K. Wong is also the ultimate controlling party of the Company.				

Source	Hong Kong GAAP Limited															
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>33. Held-for-trading investments (other than derivatives)</p> <p>Held-for-trading investments include:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><u>31/12/12</u> HK\$'000</th> <th style="text-align: right;"><u>31/12/11</u> HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Listed securities:</td> <td></td> <td></td> </tr> <tr> <td>- Equity securities listed in Hong Kong</td> <td style="text-align: right;">10,250</td> <td style="text-align: right;">6,480</td> </tr> <tr> <td>- Equity securities listed outside Hong Kong</td> <td style="text-align: right;"><u>2,230</u></td> <td style="text-align: right;"><u>1,968</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>12,480</u></td> <td style="text-align: right;"><u>8,448</u></td> </tr> </tbody> </table>		<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000	Listed securities:			- Equity securities listed in Hong Kong	10,250	6,480	- Equity securities listed outside Hong Kong	<u>2,230</u>	<u>1,968</u>		<u>12,480</u>	<u>8,448</u>
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HKFRS 7.7 Sch 10.9(1)(a) Sch 10.9(3)																
HKFRS 7.27	<p>Fair values are determined with reference to quoted market bid prices.</p> <p>34. Bank balances/pledged bank deposits/bank overdrafts</p> <p>Bank balances carry interest at market rates which range from 2% to 4% (2011: 3.5% to 4%) per annum. The pledged bank deposits carry fixed interest rate of 3.5% (2011: 4.25%) per annum. Bank overdrafts carry interest at market rates which range from 6.5% to 9.5% (2011: 6% to 6.75%) per annum.</p>															
HKFRS 7.14	<p>Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK\$2 million (31 December 2011: HK\$2 million) have been pledged to secure bank overdrafts and short-term bank loans and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.</p> <p>35. Trade and other payables</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><u>31/12/12</u> HK\$'000</th> <th style="text-align: right;"><u>31/12/11</u> HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Trade payables</td> <td style="text-align: right;">11,997</td> <td style="text-align: right;">20,393</td> </tr> <tr> <td>Other payables</td> <td style="text-align: right;"><u>90</u></td> <td style="text-align: right;"><u>95</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>12,087</u></td> <td style="text-align: right;"><u>20,488</u></td> </tr> </tbody> </table>		<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000	Trade payables	11,997	20,393	Other payables	<u>90</u>	<u>95</u>		<u>12,087</u>	<u>20,488</u>			
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App 16.4(2)(c)(ii) GR 18.50B(2)(c) (ii)	<p>The following is an analysis of trade payables by age based on the invoice date. The analysis below includes those classified as part of a disposal group classified as held for sale.</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><u>31/12/12</u> HK\$'000</th> <th style="text-align: right;"><u>31/12/11</u> HK\$'000</th> </tr> </thead> <tbody> <tr> <td>0-60 days</td> <td style="text-align: right;">8,925</td> <td style="text-align: right;">10,631</td> </tr> <tr> <td>61-90 days</td> <td style="text-align: right;">4,803</td> <td style="text-align: right;">6,233</td> </tr> <tr> <td>>90 days</td> <td style="text-align: right;"><u>1,523</u></td> <td style="text-align: right;"><u>3,529</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>15,251</u></td> <td style="text-align: right;"><u>20,393</u></td> </tr> </tbody> </table>		<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000	0-60 days	8,925	10,631	61-90 days	4,803	6,233	>90 days	<u>1,523</u>	<u>3,529</u>		<u>15,251</u>	<u>20,393</u>
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	<u>15,251</u>	<u>20,393</u>														
HKFRS 7.7	<p>The average credit period on purchases of certain goods is 3 months. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.</p> <p>Included above are payables to related parties amounted to HK\$380,000 (31 December 2011: HK\$217,000) (see note 58).</p>															

Section 2

Source	Hong Kong GAAP Limited		
		Notes to the consolidated financial statements for the year ended 31 December 2012 – continued	
HKFRS 7.8(f)	36. Borrowings		
		<u>31/12/12</u>	<u>31/12/11</u>
		HK\$'000	HK\$'000
	Bank loans (Note 1)	15,371	20,836
	Bills of exchange (Note 2)	1,206	916
	Loans from fellow subsidiaries (Note 3)	12,917	31,124
	Loans from other entities (Note 4)	21,361	4,437
	Bank loans obtained in relation to transferred receivables (Note 5)	<u>2,769</u>	<u>-</u>
		<u>53,624</u>	<u>57,313</u>
Sch 10:10	Secured	19,063	20,836
	Unsecured	<u>34,561</u>	<u>36,477</u>
		<u>53,624</u>	<u>57,313</u>
App 16.22(1) GR 18.21	Carrying amount repayable (Note 6):		
	Within one year	11,446	15,420
	More than one year, but not exceeding two years	16,685	16,167
	More than two years, but not more than five years	8,921	9,218
	More than five years	<u>5,572</u>	<u>6,328</u>
		42,624	47,133
	Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	<u>11,000</u>	<u>10,180</u>
		<u>53,624</u>	<u>57,313</u>
	Less: Amounts shown under current liabilities	<u>(22,446)</u>	<u>(25,600)</u>
		<u>31,178</u>	<u>31,713</u>
HKFRS 7.7 HKFRS 7.14	Notes:		
	1) Secured by a mortgage over the Group's leasehold land and buildings (see note 56) and bear interest at HIBOR + 4.75% (31 December 2011: HIBOR + 4.75%) per annum. The weighted average effective interest rate on the bank loans is 6.1% (31 December 2011: 6.32%) per annum.		
	2) Bills of exchange with a variable interest rate were issued in 2008. The weighted average effective interest rate on the bills is 6.8% (31 December 2011: 6.8%) per annum.		
	3) Bear interest at HIBOR + 4.5% (31 December 2011: HIBOR + 4.5%) per annum. Interest of 5.0% - 5.2% per annum is charged on the outstanding loan balances (31 December 2011: 6.0% - 6.2% per annum) (see note 58).		
	4) Fixed rate loans with a financial institution amounted to approximately HK\$6.1 million (31 December 2011: HK\$2.1 million) with maturity periods not exceeding 3 years (31 December 2011: 2 years). The weighted average effective interest rate on the fixed rate loans is 6.15% (31 December 2011: 6.10%) per annum. The Group enters into interest rate swaps to exchange fixed rate interest for variable rate interest in order to hedge against the fair value interest rate risk (see note 41). The remaining balance of approximately HK\$15.3 million (31 December 2011: HK\$2.3 million) carries interest at HIBOR + 3.75% (31 December 2011: HIBOR + 3%) per annum, ranging from 6.5% to 7% (31 December 2011: 7.3% - 8.5%) per annum during the current year.		
	5) Please see note 30.		

Source	Hong Kong GAAP Limited																
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p>																
HKFRS 7.18	<p>6) The amounts due are based on the scheduled repayment dates set out in the loan agreements.</p> <p>During the current year, the Group was late in paying interest for the first quarter on one of its loans with a carrying amount of HK\$5 million. The delay arose because of a temporary lack of funds on the date when interest was payable due to a technical problem on settlement. The interest payment outstanding of HK\$107,500 was repaid in full a week later, including the additional interest and penalty. The lender did not request accelerated repayment of the loan and the terms of the loan were not changed. Management has reviewed the Group's settlement procedures to ensure that such circumstances do not recur.</p>																
	<p>37. Loan from government</p>																
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	31/12/12 HK\$'000	31/12/11 HK\$'000															
Loan from government	2,798	2,610															
	<p>Note: On 17 December 2011, the Group received an interest-free loan of HK\$3 million from the government of A Land to finance staff training over a two-year period. The loan is repayable in full at the end of that two-year period. Using prevailing market interest rates for an equivalent loan of 7.2%, the fair value of the loan is estimated at HK\$2.61 million on initial recognition. The difference of HK\$390,000 between the gross proceeds and the fair value of the loan is the benefit derived from the interest-free loan and is recognised as deferred revenue (see note 43). Interest expenses HK\$188,000 were recognised on this loan in 2012 and HK\$202,000 will be recognised in 2013.</p>																
HKFRS 7.7	<p>38. Convertible notes</p>																
	<p>On 1 September 2012, the Company issued 4.5 million 5.5% HK dollar denominated convertible notes with the aggregate principal amount of HK\$4.5 million. Each note entitles the holder to convert to ordinary shares at a conversion price of HK\$1.25.</p>																
	<p>Conversion may occur at any time between 2 September 2012 and 31 August 2015. If the notes have not been converted, they will be redeemed on 1 September 2015 at HK\$1 each. Interest of 5.5% will be paid quarterly up until the notes are converted or redeemed.</p>																
HKAS 32.28	<p>The convertible notes contain two components: liability and equity elements. The equity element is presented in equity heading 'convertible notes equity reserve'. The effective interest rate of the liability component on initial recognition is 8% per annum.</p>																
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	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>39. Obligations under finance leases</p>																																																											
HKAS 17.31(e) HKFRS 7.7	<p>The Group leased certain of its manufacturing equipment under finance leases. The average lease term is 5 years (2011: 5 years). Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3.5% to 5.5% (2011: 3.75% - 6%) per annum. The Group has options to purchase the equipment for a nominal amount at the end of the lease terms. No arrangements have been entered into for contingent rental payments.</p>																																																											
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Source	Hong Kong GAAP Limited					
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued					
	40. Provisions					
		Employee benefits (Note 1) HK\$'000	Rectification work (Note 2) HK\$'000	Warranties (Note 3) HK\$'000	Onerous leases (Note 4) HK\$'000	Total HK\$'000
HKAS 37.84(a)	Balance at 1 January 2012	4,388	-	295	743	5,426
HKAS 37.84(b)	Additional provisions recognised	-	4,170	338	369	4,877
	Acquisition of Subsix Limited	45	-	-	-	45
HKAS 37.84(c)	Reductions arising from payments/other sacrifices of future economic benefits	(3,099)	(1,112)	(90)	(310)	(4,611)
HKAS 37.84(d)	Reductions resulting from re- measurement or settlement without cost	-	-	(15)	(100)	(115)
HKAS 37.84(e)	Unwinding of discount and effect of changes in the discount rate	-	-	-	28	28
	Others [please describe]	-	-	-	-	-
HKAS 37.84(a)	Balance at 31 December 2012	<u>1,334</u>	<u>3,058</u>	<u>528</u>	<u>730</u>	<u>5,650</u>
	Analysed for reporting purposes as:					
				<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000	
	Current liabilities			3,356	3,195	
	Non-current liabilities			<u>2,294</u>	<u>2,231</u>	
				<u>5,650</u>	<u>5,426</u>	
	Notes:					
HKFRS 3.B64(j) Sch 10:12(5)	1)	The provision for employee benefits represents annual leave and vested long service leave entitlements accrued and compensation claims made by employees. On the acquisition of Subsix Limited, the Group recognised an additional contingent liability of HK\$45,000 in respect of employees' compensation claims outstanding against that company. The decrease in the carrying amount of the provision for the current year results from settlement in the current year.				
HKAS 37.85(a), (b)	2)	The provision for rectification work relates to the estimated cost of work agreed to be carried out for the rectification of goods supplied to one of the Group's major customers (see note 13). Anticipated expenditure for 2013 is HK\$1.94 million, and for 2014 is HK\$1.118 million. These amounts have not been discounted for the purpose of measuring the provision for rectification work, because the effect is not material.				
HKAS 37.85(a), (b)	3)	The provision for warranty claims represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under local sale of goods legislation. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.				
HKAS 37.85(a), (b)	4)	The provision for onerous lease contracts represents the present value of the future lease payments that the Group is presently obligated to make under non-cancellable onerous operating lease contracts, less revenue expected to be earned on the lease, including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The unexpired term of the leases range from 3 to 5 years.				

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	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>41. 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The interest rate swaps and the corresponding borrowings have the same terms and management of the Company consider that the interest rate swaps are highly effective hedging instruments. Major terms of the interest rate swaps are set out below:</p> <table border="1"> <thead> <tr> <th colspan="3" style="text-align: left;"><u>2012</u></th> </tr> <tr> <th style="text-align: left;">Notional amount</th> <th style="text-align: left;">Maturity</th> <th style="text-align: left;">Swaps</th> </tr> </thead> <tbody> <tr> <td>HK\$1,000,000</td> <td>30/09/2013</td> <td>8% for HIBOR + 3.75%</td> </tr> <tr> <td>HK\$2,000,000</td> <td>31/05/2014</td> <td>5% for HIBOR + 2.01%</td> </tr> <tr> <td>HK\$3,000,000</td> <td>31/12/2015</td> <td>4% for HIBOR + 1.06%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="3" style="text-align: left;"><u>2011</u></th> </tr> <tr> <th style="text-align: left;">Notional amount</th> <th style="text-align: left;">Maturity</th> <th style="text-align: left;">Swaps</th> </tr> </thead> <tbody> <tr> <td>HK\$1,000,000</td> <td>15/04/2012</td> <td>6% for HIBOR + 3.25%</td> </tr> <tr> <td>HK\$1,000,000</td> <td>30/09/2013</td> <td>8% for HIBOR + 3.75%</td> </tr> </tbody> </table> <p><i>Note: The table above provides an <u>example</u> of summary quantitative data about exposure to interest rate risk at the end of the reporting period that an entity may provide internally to key management personnel.</i></p>		Current		Non-current		31/12/12	31/12/11	31/12/12	31/12/11		HK\$'000	HK\$'000	HK\$'000	HK\$'000	Other financial assets					Derivatives under hedge accounting					Fair value hedges – Interest rate swaps	72	37	212	140	Cash flow hedges – Foreign currency forward contracts	244	220	-	-	Others [please describe]	-	-	-	-		316	257	212	140	Other financial liabilities					Financial guarantee contracts	20	18	-	-	Derivatives under hedge accounting					Fair value hedges – Interest rate swaps	5	-	-	-	Cash flow hedges – Foreign currency forward contracts	91	-	-	-	Contingent consideration in relation to the acquisition of Subsix Limited (see note 50)	-	-	75	-	Others [please describe]	-	-	-	-		96	-	75	-		116	18	75	-	<u>2012</u>			Notional amount	Maturity	Swaps	HK\$1,000,000	30/09/2013	8% for HIBOR + 3.75%	HK\$2,000,000	31/05/2014	5% for HIBOR + 2.01%	HK\$3,000,000	31/12/2015	4% for HIBOR + 1.06%	<u>2011</u>			Notional amount	Maturity	Swaps	HK\$1,000,000	15/04/2012	6% for HIBOR + 3.25%	HK\$1,000,000	30/09/2013	8% for HIBOR + 3.75%
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HKFRS 7.27	<p data-bbox="363 248 938 302">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="363 331 1439 443">During the year, the hedge was 100% (2011: 100%) effective in hedging the fair value exposure to interest rate movements and as a result the carrying amount of the loan was adjusted by HK\$35,000 (2011: HK\$27,000) which was included in profit or loss at the same time that the fair value of the interest rate swap was included in profit or loss.</p> <p data-bbox="363 472 1412 526">The fair values of interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.</p> <p data-bbox="363 555 582 586">Cash flow hedges:</p> <p data-bbox="363 607 1428 689">At the end of the reporting period, the Group had the following foreign exchange forward contracts designated as highly effective hedging instruments in order to manage the Group's foreign currency exposure in relation to foreign currency forecast sales.</p> <p data-bbox="363 719 1353 772">The terms of the foreign exchange contracts have been negotiated to match the terms of the respective designated hedged items.</p> <p data-bbox="363 801 853 833">Major terms of these contracts are as follows:</p> <p data-bbox="363 853 422 884">2012</p> <table border="1" data-bbox="363 907 1455 1086"> <thead> <tr> <th data-bbox="363 913 686 945">Notional amount</th> <th data-bbox="686 913 1069 945">Maturity</th> <th data-bbox="1069 913 1455 945">Exchange rates</th> </tr> </thead> <tbody> <tr> <td data-bbox="363 965 686 996">Buy RMB 5.5 million</td> <td data-bbox="686 965 1069 996">15/03/2013</td> <td data-bbox="1069 965 1455 996">HK\$1: RMB0.8138</td> </tr> <tr> <td data-bbox="363 996 686 1028">Sell RMB 1 million</td> <td data-bbox="686 996 1069 1028">15/06/2013</td> <td data-bbox="1069 996 1455 1028">HK\$1: RMB0.8156</td> </tr> <tr> <td data-bbox="363 1028 686 1059">Sell RMB 3.3 million</td> <td data-bbox="686 1028 1069 1059">30/04/2013</td> <td data-bbox="1069 1028 1455 1059">HK\$1: RMB0.8142</td> </tr> <tr> <td data-bbox="363 1059 686 1090">Sell RMB 1.7 million</td> <td data-bbox="686 1059 1069 1090">30/06/2013</td> <td data-bbox="1069 1059 1455 1090">HK\$1: RMB0.8132</td> </tr> </tbody> </table> <p data-bbox="363 1106 422 1137">2011</p> <table border="1" data-bbox="363 1160 1455 1299"> <thead> <tr> <th data-bbox="363 1167 686 1198">Notional amount</th> <th data-bbox="686 1167 1069 1198">Maturity</th> <th data-bbox="1069 1167 1455 1198">Exchange rates</th> </tr> </thead> <tbody> <tr> <td data-bbox="363 1218 686 1249">Buy RMB 4 million</td> <td data-bbox="686 1218 1069 1249">31/03/2012</td> <td data-bbox="1069 1218 1455 1249">HK\$1: RMB0.8240</td> </tr> <tr> <td data-bbox="363 1249 686 1281">Sell RMB 1 million</td> <td data-bbox="686 1249 1069 1281">30/06/2012</td> <td data-bbox="1069 1249 1455 1281">HK\$1: RMB0.8238</td> </tr> <tr> <td data-bbox="363 1281 686 1312">Sell RMB 4.5 million</td> <td data-bbox="686 1281 1069 1312">15/07/2012</td> <td data-bbox="1069 1281 1455 1312">HK\$1: RMB0.8241</td> </tr> </tbody> </table>	Notional amount	Maturity	Exchange rates	Buy RMB 5.5 million	15/03/2013	HK\$1: RMB0.8138	Sell RMB 1 million	15/06/2013	HK\$1: RMB0.8156	Sell RMB 3.3 million	30/04/2013	HK\$1: RMB0.8142	Sell RMB 1.7 million	30/06/2013	HK\$1: RMB0.8132	Notional amount	Maturity	Exchange rates	Buy RMB 4 million	31/03/2012	HK\$1: RMB0.8240	Sell RMB 1 million	30/06/2012	HK\$1: RMB0.8238	Sell RMB 4.5 million	15/07/2012	HK\$1: RMB0.8241
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Sell RMB 1 million	30/06/2012	HK\$1: RMB0.8238																										
Sell RMB 4.5 million	15/07/2012	HK\$1: RMB0.8241																										
HKFRS 7.34(a)	<p data-bbox="363 1339 1449 1422"><i>Note: The table above provides an <u>example</u> of summary quantitative data about exposure to foreign exchange risk at the end of the reporting period that an entity may provide internally to key management personnel.</i></p>																											
HKFRS 7.27	<p data-bbox="363 1469 1444 1581">During the current year, fair value gains of HK\$0.406 million (2011: HK\$0.316 million) have been recognised in other comprehensive income and accumulated in the cash flow hedging reserve and are expected to be reclassified to profit or loss at various dates in the coming twelve months after the end of the reporting period, the period in which sales are expected to occur.</p> <p data-bbox="363 1608 1455 1693">The fair values of foreign currency forward contracts are measured at the present value of future cash flows estimated using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.</p>																											

Source	Hong Kong GAAP Limited
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HKAS 12.81(a), (g)

**Notes to the consolidated financial statements
for the year ended 31 December 2012 – continued**

42. Deferred taxation

The following are the major deferred tax balances recognised and movements thereon during the current and prior years:

Deferred tax liabilities

	Accelerated tax depreciation	Intangible assets	Convertible notes	Hedging instruments	Undistributed profits of associates	Available-for- sale investments	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (restated)
At 1 January 2011	2,540	650	-	110	570	202	335	4,407
Charge (credit) to profit or loss	440	(97)	-	-	150	-	655	1,148
Charge (credit) to other comprehensive income	-	-	-	(7)	-	19	-	12
At 31 December 2011	2,980	553	-	103	720	221	990	5,567
Charge (credit) to profit or loss	1,606	(214)	(9)	-	400	-	(47)	1,736
Charge (credit) to other comprehensive income	-	-	-	15	-	(100)	-	(85)
Recognised directly in equity	-	-	208	-	-	-	-	208
Acquisitions/disposals	(454)	-	-	-	-	-	-	(454)
At 31 December 2012	4,132	339	199	118	1,120	121	943	6,972

Deferred tax assets

	Deferred revenue	Doubtful debts	Provisions	Tax losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2011	20	52	1,692	50	1,814
Credit (charge) to profit or loss	12	167	(20)	(50)	109
At 31 December 2011	32	219	1,672	-	1,923
Credit (charge) to profit or loss	10	(12)	32	-	30
At 31 December 2012	42	207	1,704	-	1,953

Source	Hong Kong GAAP Limited																								
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/12 HK\$'000</th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/11 HK\$'000 (restated)</th> <th style="text-align: right; border-bottom: 1px solid black;">01/01/11 HK\$'000 (restated)</th> </tr> </thead> <tbody> <tr> <td>Deferred tax assets</td> <td style="text-align: right;">1,714</td> <td style="text-align: right;">1,023</td> <td style="text-align: right;">1,726</td> </tr> <tr> <td>Deferred tax liabilities</td> <td style="text-align: right; border-bottom: 1px solid black;">(6,303)</td> <td style="text-align: right; border-bottom: 1px solid black;">(4,667)</td> <td style="text-align: right; border-bottom: 1px solid black;">(4,319)</td> </tr> <tr> <td></td> <td style="text-align: right;">(4,589)</td> <td style="text-align: right;">(3,644)</td> <td style="text-align: right;">(2,593)</td> </tr> <tr> <td>Deferred tax liabilities associated with assets held for sale (see note 12)</td> <td style="text-align: right; border-bottom: 1px solid black;">(430)</td> <td style="text-align: right; border-bottom: 1px solid black;">-</td> <td style="text-align: right; border-bottom: 1px solid black;">-</td> </tr> <tr> <td></td> <td style="text-align: right; border-bottom: 3px double black;">(5,019)</td> <td style="text-align: right; border-bottom: 3px double black;">(3,644)</td> <td style="text-align: right; border-bottom: 3px double black;">(2,593)</td> </tr> </tbody> </table>		31/12/12 HK\$'000	31/12/11 HK\$'000 (restated)	01/01/11 HK\$'000 (restated)	Deferred tax assets	1,714	1,023	1,726	Deferred tax liabilities	(6,303)	(4,667)	(4,319)		(4,589)	(3,644)	(2,593)	Deferred tax liabilities associated with assets held for sale (see note 12)	(430)	-	-		(5,019)	(3,644)	(2,593)
	31/12/12 HK\$'000	31/12/11 HK\$'000 (restated)	01/01/11 HK\$'000 (restated)																						
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	(4,589)	(3,644)	(2,593)																						
Deferred tax liabilities associated with assets held for sale (see note 12)	(430)	-	-																						
	(5,019)	(3,644)	(2,593)																						
HKAS 12.82A	Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries amounting to HK\$18 million (31 December 2011: HK\$17 million) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.																								
HKAS 12.51C	With regard to the Group's investment properties, as none of them is held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on disposal of its investment properties.																								
HKAS 12.81(e)	At the end of the reporting period, the Group has unused tax losses of HK\$3 million (31 December 2011: HK\$3 million) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.																								
	<p>43. Deferred revenue</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/12 HK\$'000</th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Arising from customer loyalty programme (Note 1)</td> <td style="text-align: right;">239</td> <td style="text-align: right;">147</td> </tr> <tr> <td>Arising from government grant (Note 2)</td> <td style="text-align: right; border-bottom: 1px solid black;">140</td> <td style="text-align: right; border-bottom: 1px solid black;">390</td> </tr> <tr> <td></td> <td style="text-align: right; border-bottom: 3px double black;">379</td> <td style="text-align: right; border-bottom: 3px double black;">537</td> </tr> <tr> <td>Analysed for reporting purposes as:</td> <td></td> <td></td> </tr> <tr> <td> Current liabilities</td> <td style="text-align: right;">355</td> <td style="text-align: right;">240</td> </tr> <tr> <td> Non-current liabilities</td> <td style="text-align: right; border-bottom: 1px solid black;">24</td> <td style="text-align: right; border-bottom: 1px solid black;">297</td> </tr> <tr> <td></td> <td style="text-align: right; border-bottom: 3px double black;">379</td> <td style="text-align: right; border-bottom: 3px double black;">537</td> </tr> </tbody> </table>		31/12/12 HK\$'000	31/12/11 HK\$'000	Arising from customer loyalty programme (Note 1)	239	147	Arising from government grant (Note 2)	140	390		379	537	Analysed for reporting purposes as:			Current liabilities	355	240	Non-current liabilities	24	297		379	537
	31/12/12 HK\$'000	31/12/11 HK\$'000																							
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Non-current liabilities	24	297																							
	379	537																							
HKAS 20.39(b)	<p>Notes:</p> <ol style="list-style-type: none"> The deferred revenue arises in respect of the Group's Maxi-Point Scheme recognised in accordance with HK (IFRIC)-Int 13 <i>Customer Loyalty Programmes</i>. The deferred revenue arises as a result of the benefit received from an interest-free government loan received in December 2011 (see note 37). The revenue was offset against training costs of HK\$250,000 incurred in 2012 and will be offset against training cost of HK\$140,000 to be incurred in 2013. 																								

Source	Hong Kong GAAP Limited
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**Notes to the consolidated financial statements
for the year ended 31 December 2012 – continued**

Notes 44 to 45 below set out detailed descriptions and reconciliations for each class of share capital and each component of equity, as required by HKAS 1.79 and HKAS 1.106. HKAS 1 permits some flexibility regarding the level of detail presented in the statement of changes in equity and notes to the financial statements. HKAS 1.106A allows an analysis of other comprehensive income by item for each component of equity to be presented either in the statement of changes in equity or in the notes. For the purposes of the preparation of this model, the Group has elected to present the analysis of other comprehensive income in the notes.

HKAS 1 also allows some of the details regarding components of other comprehensive income (income tax and reclassification adjustments) to be disclosed in the notes rather than in the statement of comprehensive income. Entities will determine the most appropriate presentation for their circumstances – electing to present much of the detail in the notes (as we have done in these illustrative financial statements) ensures that the primary financial statements are not cluttered by unnecessary detail, but it does result in very detailed supporting notes.

Whichever presentation is selected, entities will need to ensure that the following requirements are met:

- detailed reconciliations are required for each class of share capital (in the statement of changes in equity or in the notes);
- detailed reconciliations are required for each component of equity – separately disclosing the impact on each such component of (i) profit or loss, (ii) each component of other comprehensive income, and (iii) transactions with owners in their capacity as owners (in the statement of changes in equity or in the notes);
- the amount of income tax relating to each component of other comprehensive income should be disclosed (in the statement of comprehensive income or in the notes); and
- reclassification adjustments should be presented separately from the related component of other comprehensive income (in the statement of comprehensive income or in the notes).

HKAS 1.79(a)
Sch 10:2

44. Share capital

	Number of shares		Share capital	
	31/12/12	31/12/11	31/12/12	31/12/11
	'000	'000	HK\$'000	HK\$'000
Authorised				
200 million ordinary shares of HK\$1 each	200,000	200,000	200,000	200,000
Issued and fully paid				
At beginning of year	23,005	23,005	23,005	23,005
Repurchase of shares	(5,500)	-	(5,500)	-
Exercise of share options under the Company's employee share option plan (see note 47)	314	-	314	-
At end of year	17,819	23,005	17,819	23,005

Source	Hong Kong GAAP Limited				
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued				
	During the year, the Company repurchased its own shares through the Stock Exchange of Hong Kong Limited as follows:				
LR 10.06(4)(b) GR 13.13(2)	<u>Month of repurchase</u>	<u>No. of ordinary shares at HK\$1 each</u> '000	<u>Price per share</u> <u>Highest</u> <u>Lowest</u> HK\$ HK\$		<u>Aggregate consideration paid</u> HK\$'000
	November 2012	3,000	3.15	2.85	9,172
	December 2012	2,500	3.50	2.90	8,130
					<u>17,302</u>
	The above shares were cancelled upon repurchase. None of the Company's subsidiaries repurchased, sold or redeemed any of the Company's shares during the year.				
	45. Share premium, reserves and non-controlling interests				
	Share premium and reserves				
			<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000 (restated)	
	Share premium		15,427	26,474	
	Investments revaluation reserve		227	527	
	Share options reserve		179	246	
	Cash flow hedging reserve		314	278	
	Foreign currency translation reserve		126	317	
	Convertible notes equity reserve		626	-	
	Retained earnings		111,625	94,964	
	Others [please describe]		-	-	
			<u>128,524</u>	<u>122,806</u>	
HKAS 1.106(d)	Share premium				
			<u>Year ended 31/12/12</u> HK\$'000	<u>Year ended 31/12/11</u> HK\$'000	
	Balance at beginning of year		26,474	26,474	
	Transaction costs attributable to issue of new ordinary shares		(6)	-	
	Issue of ordinary shares upon exercise of share options		433	-	
	Repurchase of ordinary shares		(11,247)	-	
	Transaction costs attributable to repurchase of ordinary shares		(227)	-	
	Balance at end of year		<u>15,427</u>	<u>26,474</u>	

Section 2

Source	Hong Kong GAAP Limited		
		Notes to the consolidated financial statements for the year ended 31 December 2012 – continued	
HKAS 1.90 HKAS 1.106(d) HKAS 1.106A		Investments revaluation reserve	
		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000
		527	470
HKFRS 7.20(a)	Balance at beginning of year	(400)	76
	Net (loss)/gain arising on revaluation of available-for-sale investments		
	Income tax relating to (loss)/gain arising on revaluation of available-for-sale investments	100	(19)
HKFRS 7.20(a)	Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale investments	-	-
HKFRS 7.20(a)	Cumulative loss reclassified to profit or loss on impairment of available-for-sale investments	-	-
	Balance at end of year	<u>227</u>	<u>527</u>
HKAS 1.79(b)	The investments revaluation reserve represents cumulative gains and losses arising on the revaluation of available-for-sale investments that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those investments are disposed of or are determined to be impaired.		
HKAS 1.106(d)		Share options reserve	
		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000
	Balance at beginning of year	246	-
	Recognition of equity-settled share-based payments	218	246
	Issue of ordinary shares upon exercise of share options	(285)	-
	Balance at end of year	<u>179</u>	<u>246</u>
HKAS 1.79(b)	The share options reserve relates to share options granted to employees under the Company's employee share option plan. Further information about share-based payments to employees is set out in note 47.1.		
HKAS 1.90 HKAS 1.106(d) HKAS 1.106A		Cash flow hedging reserve	
		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000
	Balance at beginning of year	278	242
HKFRS 7.23(c)	Gain recognised in relation to cash flow hedges	406	316
	Income tax relating to gains recognised in other comprehensive income	(101)	(79)
HKFRS 7.23(d)	Reclassified to profit or loss	(355)	(287)
	Income tax relating to amounts reclassified to profit or loss	86	86
	Others [please describe]	-	-
	Balance at end of year	<u>314</u>	<u>278</u>
HKAS 1.79(b)	The cash flow hedging reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain and loss arising on changes in fair value of the hedging instrument that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.		

Source	Hong Kong GAAP Limited		
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued		
HKFRS 7.23(d)	Cumulative gains and losses arising on changes in fair value of hedging instruments reclassified from equity into profit or loss during the year are included in profit or loss in the following line items:		
		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000
	Increase in revenue	(355)	(287)
	Increase in income tax expense	86	86
	Others [please describe]	-	-
		<u>(269)</u>	<u>(201)</u>
HKAS 1.90 HKAS 1.106(d) HKAS 1.106A	Foreign currency translation reserve		
		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000
	Balance at beginning of year	317	140
	Exchange differences arising on translating the net assets of foreign operations	(71)	177
	Income tax relating to exchange differences arising on translating the net assets of foreign operations	-	-
	Reclassified to profit or loss on disposal of foreign operations	(120)	-
	Income tax relating to amounts reclassified to profit or loss on disposal of foreign operations	-	-
	Others [please describe]	-	-
	Balance at end of year	<u>126</u>	<u>317</u>
HKAS 1.79(b)	Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Such exchange differences accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operations.		
HKAS 1.106(d)	Convertible notes equity reserve		
		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000
	Balance at beginning of year	-	-
	Recognition of the equity component of convertible notes	834	-
	Deferred tax	(208)	-
	Balance at end of year	<u>626</u>	<u>-</u>
HKAS 1.79(b)	The convertible notes equity reserve represents the equity component (conversion rights) of the HK\$4.5 million 5.5% convertible notes issued during the year (see note 38).		

Section 2

Source	Hong Kong GAAP Limited		
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued		
HKAS 1.106(d) HKAS 1.106A	<i>Non-controlling interests</i>		
	Share of net assets of subsidiaries	Share options reserve of subsidiaries	Total
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
	<u><i>Year ended 31 December 2012</i></u>		
	20,005	1,195	21,200
Balance at beginning of year	4,000	-	4,000
Share of profit for the year	127	5	132
Non-controlling interests arising on the acquisition of Subsix Limited (see note 50)	179	-	179
Additional non-controlling interests arising on disposal of interest in Subone Limited (see note 59)	-	-	-
Others [please describe]	<u>24,311</u>	<u>1,200</u>	<u>25,511</u>
Balance at end of year	<u><i>Year ended 31 December 2011</i></u>		
	17,242	1,195	18,437
Balance at beginning of year	2,763	-	2,763
Share of profit for the year	-	-	-
Others [please describe]	<u>20,005</u>	<u>1,195</u>	<u>21,200</u>
Balance at end of year			

Source	Hong Kong GAAP Limited																								
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>46. Retirement benefit plans</p> <p><i>Defined contribution plan</i></p>																								
App 16.26(1), (2) GR 18.34(1), (2)	<p>The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees.</p> <p>The employees of the Group's subsidiary in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiary is required to contribute a specified 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 plan is to make the specified contributions.</p>																								
HKAS 19.46	<p>The total expense recognised in profit or loss of HK\$160,000 (2011: HK\$148,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2012, contributions of HK\$8,000 (31 December 2011: HK\$8,000) due in respect of the year ended 31 December 2012 (2011) had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.</p>																								
	<p><i>Defined benefit plan</i></p>																								
HKAS 19.120A(b) App 16.26(1), (2) GR 18.34(1), (2)	<p>The Group operates a funded defined benefit plan for qualifying employees of its subsidiaries in Malaysia. Under the plans, the employees are entitled to retirement benefits varying between 40% and 45% of final salary on attainment of a retirement age of 65. No other post-retirement benefits are provided to these employees.</p>																								
App 16.26(5) GR 18.34(5)	<p>The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2012 by Mr. F.G. Ho, Fellow of the Institute of Actuaries in Malaysia. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.</p>																								
HKAS 19.120A(n)	<p>The principal assumptions used for the purposes of the actuarial valuations were as follows:</p> <table border="1" data-bbox="1150 1267 1458 1518"> <thead> <tr> <th></th> <th colspan="2" style="text-align: center;">Valuation at</th> </tr> <tr> <th></th> <th style="text-align: center;">31/12/12</th> <th style="text-align: center;">31/12/11</th> </tr> <tr> <th></th> <th style="text-align: center;">%</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td style="text-align: center;">5.52</td> <td style="text-align: center;">5.20</td> </tr> <tr> <td>Expected return on plan assets</td> <td style="text-align: center;">11.66</td> <td style="text-align: center;">10.34</td> </tr> <tr> <td>Expected rate(s) of salary increase</td> <td style="text-align: center;">5.00</td> <td style="text-align: center;">5.00</td> </tr> <tr> <td>Expected return on reimbursement rights</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Others [please describe]</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> </tbody> </table>		Valuation at			31/12/12	31/12/11		%	%	Discount rate	5.52	5.20	Expected return on plan assets	11.66	10.34	Expected rate(s) of salary increase	5.00	5.00	Expected return on reimbursement rights	-	-	Others [please describe]	-	-
	Valuation at																								
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Others [please describe]	-	-																							
App 16.26(5) GR 18.34(5)	<p>The actuarial valuation showed that the market value of plan assets was HK\$4.2 million (2011: HK\$4.3 million) and that the actuarial value of these assets represented 71% (2011: 71%) of the benefits that had accrued to members. The shortfall of HK\$1.7 million (2011: HK\$1.8 million) is to be cleared over the estimated remaining service period of 15 years.</p>																								

Section 2

Source	Hong Kong GAAP Limited																																				
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued																																				
HKAS 19.120A(g)	Amounts recognised in profit or loss in respect of these defined benefit plans are as follows: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">Year ended 31/12/12 HK\$'000</th> <th style="text-align: right; border-bottom: 1px solid black;">Year ended 31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Current service cost</td> <td style="text-align: right;">754</td> <td style="text-align: right;">773</td> </tr> <tr> <td>Interest on obligation</td> <td style="text-align: right;">317</td> <td style="text-align: right;">302</td> </tr> <tr> <td>Expected return on plan assets</td> <td style="text-align: right;">(447)</td> <td style="text-align: right;">(495)</td> </tr> <tr> <td>Expected return on reimbursement rights</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Actuarial (gains)/losses recognised in the year</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Past service cost</td> <td style="text-align: right;">16</td> <td style="text-align: right;">16</td> </tr> <tr> <td>Losses/(gains) arising from curtailments or settlements</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Adjustments for restrictions on the defined benefit asset</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">640</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">556</td> </tr> </tbody> </table>		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000	Current service cost	754	773	Interest on obligation	317	302	Expected return on plan assets	(447)	(495)	Expected return on reimbursement rights	-	-	Actuarial (gains)/losses recognised in the year	-	-	Past service cost	16	16	Losses/(gains) arising from curtailments or settlements	-	-	Adjustments for restrictions on the defined benefit asset	-	-		640	556						
	Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000																																			
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Expected return on reimbursement rights	-	-																																			
Actuarial (gains)/losses recognised in the year	-	-																																			
Past service cost	16	16																																			
Losses/(gains) arising from curtailments or settlements	-	-																																			
Adjustments for restrictions on the defined benefit asset	-	-																																			
	640	556																																			
HKAS 19.120A(g)	The expense for the year is included in the employee benefits expense in profit or loss. / Of the expense for the year, HK\$450,000 (2011: HK\$402,000) has been included in profit or loss as cost of sales and the remainder in administrative expenses.																																				
HKAS 19.120A(f)	The amount included in the consolidated statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/12 HK\$'000</th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Present value of funded defined benefit obligation</td> <td style="text-align: right;">6,461</td> <td style="text-align: right;">6,099</td> </tr> <tr> <td>Fair value of plan assets</td> <td style="text-align: right; border-bottom: 1px solid black;">(4,202)</td> <td style="text-align: right; border-bottom: 1px solid black;">(4,326)</td> </tr> <tr> <td></td> <td style="text-align: right;">2,259</td> <td style="text-align: right;">1,773</td> </tr> <tr> <td>Present value of unfunded defined benefit obligation</td> <td style="text-align: right; border-bottom: 1px solid black;">-</td> <td style="text-align: right; border-bottom: 1px solid black;">-</td> </tr> <tr> <td>Deficit</td> <td style="text-align: right;">2,259</td> <td style="text-align: right;">1,773</td> </tr> <tr> <td>Net actuarial losses not recognised</td> <td style="text-align: right;">(548)</td> <td style="text-align: right;">(546)</td> </tr> <tr> <td>Past service cost not yet recognised</td> <td style="text-align: right;">(16)</td> <td style="text-align: right;">(32)</td> </tr> <tr> <td>Restrictions on asset recognised</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Fair value of reimbursement rights recognised as an asset</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Others [please describe]</td> <td style="text-align: right; border-bottom: 1px solid black;">-</td> <td style="text-align: right; border-bottom: 1px solid black;">-</td> </tr> <tr> <td>Net liability arising from defined benefit obligation</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">1,695</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">1,195</td> </tr> </tbody> </table>		31/12/12 HK\$'000	31/12/11 HK\$'000	Present value of funded defined benefit obligation	6,461	6,099	Fair value of plan assets	(4,202)	(4,326)		2,259	1,773	Present value of unfunded defined benefit obligation	-	-	Deficit	2,259	1,773	Net actuarial losses not recognised	(548)	(546)	Past service cost not yet recognised	(16)	(32)	Restrictions on asset recognised	-	-	Fair value of reimbursement rights recognised as an asset	-	-	Others [please describe]	-	-	Net liability arising from defined benefit obligation	1,695	1,195
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HKAS 19.120A(j), (l)	<p>The major categories of plan assets, and the expected rate of return at the end of the reporting period for each category, are as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2" style="text-align: center;">Expected return</th> <th colspan="2" style="text-align: center;">Fair value of plan assets</th> </tr> <tr> <th style="text-align: center;">31/12/12 %</th> <th style="text-align: center;">31/12/11 %</th> <th style="text-align: center;">31/12/12 HK\$'000</th> <th style="text-align: center;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Equity instruments</td> <td style="text-align: right;">15.01</td> <td style="text-align: right;">12.03</td> <td style="text-align: right;">1,026</td> <td style="text-align: right;">986</td> </tr> <tr> <td>Debt instruments</td> <td style="text-align: right;">9.59</td> <td style="text-align: right;">7.49</td> <td style="text-align: right;">1,980</td> <td style="text-align: right;">1,850</td> </tr> <tr> <td>Property</td> <td style="text-align: right;">12.21</td> <td style="text-align: right;">12.76</td> <td style="text-align: right;">1,196</td> <td style="text-align: right;">1,490</td> </tr> <tr> <td>Others [please describe]</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Weighted average expected return</td> <td style="text-align: right;"><u>11.66</u></td> <td style="text-align: right;"><u>10.34</u></td> <td style="text-align: right;"><u>4,202</u></td> <td style="text-align: right;"><u>4,326</u></td> </tr> </tbody> </table>		Expected return		Fair value of plan assets		31/12/12 %	31/12/11 %	31/12/12 HK\$'000	31/12/11 HK\$'000	Equity instruments	15.01	12.03	1,026	986	Debt instruments	9.59	7.49	1,980	1,850	Property	12.21	12.76	1,196	1,490	Others [please describe]	-	-	-	-	Weighted average expected return	<u>11.66</u>	<u>10.34</u>	<u>4,202</u>	<u>4,326</u>								
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HKAS 19.120A(l)	<p>The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The directors' assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation.</p>																																										
HKAS 19.120A (m)	<p>The actual return on plan assets was HK\$0.496 million (31 December 2011: HK\$0.158 million).</p>																																										

Section 2

Source	Hong Kong GAAP Limited																																										
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued																																										
HKAS 19.120A(k)	The plan assets include ordinary shares of the Company with a fair value of HK\$0.38 million (31 December 2011: HK\$0.252 million) and property occupied by a subsidiary of the Company with a fair value of HK\$0.62 million (31 December 2011: HK\$0.62 million).																																										
HKAS 19.120A(p)	The history of experience adjustments is as follows: <table border="1" style="margin-left: 40px; width: 100%;"> <thead> <tr> <th></th> <th style="text-align: right;"><u>31/12/12</u></th> <th style="text-align: right;"><u>31/12/11</u></th> <th style="text-align: right;"><u>31/12/10</u></th> <th style="text-align: right;"><u>31/12/09</u></th> <th style="text-align: right;"><u>31/12/08</u></th> </tr> <tr> <th></th> <th style="text-align: right;">HK\$'000</th> <th style="text-align: right;">HK\$'000</th> <th style="text-align: right;">HK\$'000</th> <th style="text-align: right;">HK\$'000</th> <th style="text-align: right;">HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Present value of defined benefit obligation</td> <td style="text-align: right;">6,461</td> <td style="text-align: right;">6,099</td> <td style="text-align: right;">5,814</td> <td style="text-align: right;">5,321</td> <td style="text-align: right;">4,113</td> </tr> <tr> <td>Fair value of plan assets</td> <td style="text-align: right;"><u>(4,202)</u></td> <td style="text-align: right;"><u>(4,326)</u></td> <td style="text-align: right;"><u>(4,788)</u></td> <td style="text-align: right;"><u>(4,418)</u></td> <td style="text-align: right;"><u>(3,298)</u></td> </tr> <tr> <td>Deficit</td> <td style="text-align: right;"><u>2,259</u></td> <td style="text-align: right;"><u>1,773</u></td> <td style="text-align: right;"><u>1,026</u></td> <td style="text-align: right;"><u>903</u></td> <td style="text-align: right;"><u>815</u></td> </tr> <tr> <td>Experience adjustments on plan liabilities</td> <td style="text-align: right;"><u>230</u></td> <td style="text-align: right;"><u>135</u></td> <td style="text-align: right;"><u>210</u></td> <td style="text-align: right;"><u>198</u></td> <td style="text-align: right;"><u>193</u></td> </tr> <tr> <td>Experience adjustments on plan assets</td> <td style="text-align: right;"><u>220</u></td> <td style="text-align: right;"><u>(91)</u></td> <td style="text-align: right;"><u>156</u></td> <td style="text-align: right;"><u>163</u></td> <td style="text-align: right;"><u>148</u></td> </tr> </tbody> </table>		<u>31/12/12</u>	<u>31/12/11</u>	<u>31/12/10</u>	<u>31/12/09</u>	<u>31/12/08</u>		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Present value of defined benefit obligation	6,461	6,099	5,814	5,321	4,113	Fair value of plan assets	<u>(4,202)</u>	<u>(4,326)</u>	<u>(4,788)</u>	<u>(4,418)</u>	<u>(3,298)</u>	Deficit	<u>2,259</u>	<u>1,773</u>	<u>1,026</u>	<u>903</u>	<u>815</u>	Experience adjustments on plan liabilities	<u>230</u>	<u>135</u>	<u>210</u>	<u>198</u>	<u>193</u>	Experience adjustments on plan assets	<u>220</u>	<u>(91)</u>	<u>156</u>	<u>163</u>	<u>148</u>
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HKAS 19.120A(q)	The Group expects to make a contribution of HK\$0.18 million (2011: HK\$0.14 million) to the defined benefit plan during the next financial year.																																										

Source	Hong Kong GAAP Limited																																			
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>47. Share-based payment transactions</p> <p>47.1. The Company</p>																																			
HKFRS 2.45(a) LR 17.09 GR 23.09	<p>The Company's share option scheme (the 'Scheme') was adopted pursuant to a resolution passed on 28 November 2006 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 27 November 2017. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares of the Company.</p> <p>At 31 December 2012, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 181,000 (31 December 2011: 275,000), representing 1.0% (31 December 2011: 1.2%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.</p> <p>No consideration is payable on the grant of an option. Options may be exercised at any time from the date of grant of the share option to the second anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.</p>																																			
HKFRS 2.45(d)	<p>Details of specific categories of options are as follows:</p> <table border="1"> <thead> <tr> <th style="text-align: left;">Option type</th> <th style="text-align: left;">Date of grant</th> <th style="text-align: left;">Exercise period</th> <th style="text-align: right;">Exercise price HK\$</th> <th style="text-align: right;">Fair value at grant date HK\$</th> </tr> </thead> <tbody> <tr> <td>2011A</td> <td>31/03/11</td> <td>31/03/11 to 30/03/13</td> <td style="text-align: right;">1.15</td> <td style="text-align: right;">0.95</td> </tr> <tr> <td>2011B</td> <td>30/09/11</td> <td>30/09/11 to 29/09/13</td> <td style="text-align: right;">1.30</td> <td style="text-align: right;">0.85</td> </tr> <tr> <td>2012</td> <td>31/03/12</td> <td>31/03/12 to 30/03/14</td> <td style="text-align: right;">3.15</td> <td style="text-align: right;">0.99</td> </tr> </tbody> </table>	Option type	Date of grant	Exercise period	Exercise price HK\$	Fair value at grant date HK\$	2011A	31/03/11	31/03/11 to 30/03/13	1.15	0.95	2011B	30/09/11	30/09/11 to 29/09/13	1.30	0.85	2012	31/03/12	31/03/12 to 30/03/14	3.15	0.99															
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2012	31/03/12	31/03/12 to 30/03/14	3.15	0.99																																
HKFRS 2.46, 47(a) LR 17.08 GR 23.08	<p>In accordance with the terms of the Scheme, options granted during the financial year ended 31 December 2011 and 31 December 2012 vested at the date of grant.</p> <p>The fair value of the share options is determined using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5 years. To allow for the effects of early exercise, it was assumed that executives and senior employees would exercise the options after vesting date when the share price was two and a half times the exercise price.</p>																																			
LR 17.08 Note 4 GR 23.08 Note 4	<p>The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.</p> <p>Inputs into the model</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3" style="text-align: center;">Option type</th> </tr> <tr> <th style="text-align: center;">2011A</th> <th style="text-align: center;">2011B</th> <th style="text-align: center;">2012</th> </tr> </thead> <tbody> <tr> <td>Grant date share price</td> <td style="text-align: right;">HK\$1.14</td> <td style="text-align: right;">HK\$1.27</td> <td style="text-align: right;">HK\$3.15</td> </tr> <tr> <td>Exercise price</td> <td style="text-align: right;">HK\$1.15</td> <td style="text-align: right;">HK\$1.30</td> <td style="text-align: right;">HK\$3.15</td> </tr> <tr> <td>Expected volatility</td> <td style="text-align: right;">70.20%</td> <td style="text-align: right;">70.40%</td> <td style="text-align: right;">56.10%</td> </tr> <tr> <td>Option life</td> <td style="text-align: right;">2 years</td> <td style="text-align: right;">2 years</td> <td style="text-align: right;">2 years</td> </tr> <tr> <td>Dividend yield</td> <td style="text-align: right;">13.27%</td> <td style="text-align: right;">13.12%</td> <td style="text-align: right;">13.00%</td> </tr> <tr> <td>Risk-free interest rate</td> <td style="text-align: right;">5.13%</td> <td style="text-align: right;">5.14%</td> <td style="text-align: right;">5.50%</td> </tr> <tr> <td>Others [please describe]</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> </tbody> </table>		Option type			2011A	2011B	2012	Grant date share price	HK\$1.14	HK\$1.27	HK\$3.15	Exercise price	HK\$1.15	HK\$1.30	HK\$3.15	Expected volatility	70.20%	70.40%	56.10%	Option life	2 years	2 years	2 years	Dividend yield	13.27%	13.12%	13.00%	Risk-free interest rate	5.13%	5.14%	5.50%	Others [please describe]	-	-	-
	Option type																																			
	2011A	2011B	2012																																	
Grant date share price	HK\$1.14	HK\$1.27	HK\$3.15																																	
Exercise price	HK\$1.15	HK\$1.30	HK\$3.15																																	
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Dividend yield	13.27%	13.12%	13.00%																																	
Risk-free interest rate	5.13%	5.14%	5.50%																																	
Others [please describe]	-	-	-																																	

Source	Hong Kong GAAP Limited						
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued						
HKFRS 2.45(b) LR 17.07 GR 23.07	The following table discloses movements of the Company's share options held by employees and directors during the year.						
	<u>Option type</u>	<u>Outstanding at 1/1/12</u>	<u>Granted during the year</u>	<u>Exercised during the year</u>	<u>Forfeited during the year</u>	<u>Expired during the year</u>	<u>Outstanding at 31/12/12</u>
	2011A	125,000	-	(125,000)	-	-	-
	2011B	150,000	-	(150,000)	-	-	-
	2012	-	220,000	(39,000)	-	-	181,000
		<u>275,000</u>	<u>220,000</u>	<u>(314,000)</u>	<u>-</u>	<u>-</u>	<u>181,000</u>
	Exercisable at the end of the year						<u>181,000</u>
	Weighted average exercise price	<u>HK\$1.23</u>	<u>HK\$3.15</u>	<u>HK\$2.47</u>	<u>-</u>	<u>-</u>	<u>HK\$3.15</u>
	The following table discloses movements of the Company's share options held by employees and directors during prior year:						
	<u>Option type</u>	<u>Outstanding at 1/1/11</u>	<u>Granted during the year</u>	<u>Exercised during the year</u>	<u>Forfeited during the year</u>	<u>Expired during the year</u>	<u>Outstanding at 31/12/11</u>
	2011A	-	125,000	-	-	-	125,000
	2011B	-	150,000	-	-	-	150,000
		<u>-</u>	<u>275,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,000</u>
	Exercisable at the end of the year						<u>275,000</u>
	Weighted average exercise price	<u>-</u>	<u>HK\$1.23</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>HK\$1.23</u>
HKFRS 2.45(c) LR 17.07 GR 23.07	The following share options granted under the employee share option plan were exercised in the current year:						
	<u>Options type</u>		<u>Number exercised</u>	<u>Exercise date</u>	<u>Share price at exercise date</u>		
					HK\$		
	2011A		30,000	05/01/12	2.50		
	2011A		45,000	31/01/12	2.25		
	2011A		50,000	15/03/12	3.00		
	2011B		65,000	03/07/12	2.95		
	2011B		85,000	28/08/12	2.75		
	2012		39,000	15/04/12	3.50		
			<u>314,000</u>				

Source	Hong Kong GAAP Limited																
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>47.2. The Subsidiaries</p> <p>47.2.1 Employee share option plan of Kowloon Limited</p>																
HKFRS 2.45(a) LR 17.09 GR 23.09	<p>A subsidiary of the Company, Kowloon Limited, also operates a share option scheme (the 'Kowloon Limited's Scheme'). The Kowloon Limited's Scheme was adopted pursuant to a resolution passed on 17 January 2008 for the primary purpose of providing incentives to directors and eligible employees of Kowloon Limited, and will expire on 16 May 2018. Under the Kowloon Limited's Scheme, the board of directors of Kowloon Limited may grant options to eligible employees, including directors of Kowloon Limited, to subscribe for shares of Kowloon Limited.</p> <p>At 31 December 2012, the number of shares in respect of which options had been granted and remained outstanding under the Kowloon Limited's Scheme was 1,707,000 (31 December 2011: 1,707,000), representing 4% (2011: 4%) of the shares of Kowloon Limited in issue at that date. The total number of shares in respect of which options may be granted under the Kowloon Limited's Scheme is not permitted to exceed 10% of the shares of Kowloon Limited in issue at any point in time, without prior approval from the shareholders of Kowloon Limited. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of Kowloon Limited in issue at any point in time, without prior approval from the shareholders of Kowloon Limited.</p> <p>No consideration is payable on the grant of an option. Options may be exercised at any time from the date of grant of the share option to the fifth anniversary of the date of grant. The exercise price is determined by the directors of Kowloon Limited, and will not be less than the fair value of each share of Kowloon Limited on the date of grant.</p>																
HKFRS 2.45(d)	<p>Details of the options are as follows:</p> <table border="1" data-bbox="357 1075 1455 1240"> <thead> <tr> <th><u>Option type</u></th> <th><u>Date of grant</u></th> <th><u>Exercise period</u></th> <th><u>Exercise price</u> HK\$</th> <th><u>Fair value at grant date</u> HK\$</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>01/04/09</td> <td>01/04/09 to 31/03/14</td> <td>1.32</td> <td>0.70</td> </tr> </tbody> </table>	<u>Option type</u>	<u>Date of grant</u>	<u>Exercise period</u>	<u>Exercise price</u> HK\$	<u>Fair value at grant date</u> HK\$	2009	01/04/09	01/04/09 to 31/03/14	1.32	0.70						
<u>Option type</u>	<u>Date of grant</u>	<u>Exercise period</u>	<u>Exercise price</u> HK\$	<u>Fair value at grant date</u> HK\$													
2009	01/04/09	01/04/09 to 31/03/14	1.32	0.70													
HKFRS 2.46, 47(a) LR 17.08 GR 23.08	<p>Options that were granted during the year ended 31 December 2009 vested at the date of grant.</p> <p>The fair value of the share options is determined using the binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5 years.</p>																
LR 17.08 Note 4 GR 23.08 Note 4	<p>The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.</p>																
	<p>Inputs into the model</p> <table border="1" data-bbox="357 1612 1455 1912"> <thead> <tr> <th></th> <th><u>Option type</u> 2009</th> </tr> </thead> <tbody> <tr> <td>Grant date share price</td> <td>1.32</td> </tr> <tr> <td>Exercise price</td> <td>1.32</td> </tr> <tr> <td>Expected volatility</td> <td>60.70%</td> </tr> <tr> <td>Option life</td> <td>5 years</td> </tr> <tr> <td>Dividend yield</td> <td>2.38%</td> </tr> <tr> <td>Risk-free interest rate</td> <td>5.25%</td> </tr> <tr> <td>Others [please describe]</td> <td>-</td> </tr> </tbody> </table>		<u>Option type</u> 2009	Grant date share price	1.32	Exercise price	1.32	Expected volatility	60.70%	Option life	5 years	Dividend yield	2.38%	Risk-free interest rate	5.25%	Others [please describe]	-
	<u>Option type</u> 2009																
Grant date share price	1.32																
Exercise price	1.32																
Expected volatility	60.70%																
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Others [please describe]	-																

Source	Hong Kong GAAP Limited																												
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p>																												
HKFRS 2.45(b) LR 17.07 GR 23.07	<p>The following table discloses movements of share options held by employees and directors of Kowloon Limited during the year under the Kowloon Limited's share option scheme:</p> <table border="1"> <thead> <tr> <th>Option type</th> <th>Outstanding at 1/1/2011 & 1/1/2012</th> <th>Granted during the year</th> <th>Exercised during the year</th> <th>Forfeited during the year</th> <th>Expired during the year</th> <th>Outstanding at 31/12/2011 & 31/12/2012</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>1,707,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>1,707,000</td> </tr> <tr> <td>Exercisable at the end of the year</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>1,707,000</td> </tr> <tr> <td>Exercise price</td> <td>HK\$1.32</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>HK\$1.32</td> </tr> </tbody> </table>	Option type	Outstanding at 1/1/2011 & 1/1/2012	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31/12/2011 & 31/12/2012	2009	1,707,000	-	-	-	-	1,707,000	Exercisable at the end of the year						1,707,000	Exercise price	HK\$1.32	-	-	-	-	HK\$1.32
Option type	Outstanding at 1/1/2011 & 1/1/2012	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31/12/2011 & 31/12/2012																							
2009	1,707,000	-	-	-	-	1,707,000																							
Exercisable at the end of the year						1,707,000																							
Exercise price	HK\$1.32	-	-	-	-	HK\$1.32																							
HKFRS 2.51(a) HKFRS 2.50	<p>The Group recognised an expense of HK\$218,000 for the year ended 31 December 2012 (2011: HK\$246,000) in relation to share options granted by the Company.</p>																												
	<p>47.2.2. Employee share option plan of Subsix Limited</p>																												
HKFRS 2.45(a) LR 17.09 GR 23.09	<p>Subsix Limited has a share option scheme for its executives and senior employees. The outstanding share options were not replaced and were still in existence at the time when the Group acquired Subsix Limited in the current year.</p> <p>Each employee share option of Subsix Limited converts into one ordinary share of Subsix Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. All outstanding share options granted by Subsix Limited had vested by the date when the Group acquired Subsix Limited.</p> <p>At 31 December 2012, the number of shares in respect of which options had been granted and remained outstanding under Subsix Limited's Scheme was 5,000, representing 1% of the shares of Subsix Limited at that date. The total number of shares in respect of which options may be granted under Subsix Limited's Scheme is not permitted to exceed 10% of the shares of Subsix Limited in issue at any point in time. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of Subsix Limited in issue at any point in time, without prior approval from Subsix Limited's shareholders.</p> <p>The following share-based payment arrangements were in existence at the acquisition date:</p> <table border="1"> <thead> <tr> <th>Options series</th> <th>Number</th> <th>Grant date</th> <th>Expiry date</th> <th>Exercise price HK\$</th> <th>Market-based measure at the acquisition date of Subsix Limited HK\$</th> </tr> </thead> <tbody> <tr> <td>(1) Granted on 13 March 2011</td> <td>2,000</td> <td>13/03/11</td> <td>12/03/14</td> <td>0.5</td> <td>1.00</td> </tr> <tr> <td>(2) Granted on 18 September 2011</td> <td>3,000</td> <td>18/09/11</td> <td>17/09/14</td> <td>0.5</td> <td>1.00</td> </tr> </tbody> </table> <p>All options vested on their date of grant and will expire within three years of their grant.</p>	Options series	Number	Grant date	Expiry date	Exercise price HK\$	Market-based measure at the acquisition date of Subsix Limited HK\$	(1) Granted on 13 March 2011	2,000	13/03/11	12/03/14	0.5	1.00	(2) Granted on 18 September 2011	3,000	18/09/11	17/09/14	0.5	1.00										
Options series	Number	Grant date	Expiry date	Exercise price HK\$	Market-based measure at the acquisition date of Subsix Limited HK\$																								
(1) Granted on 13 March 2011	2,000	13/03/11	12/03/14	0.5	1.00																								
(2) Granted on 18 September 2011	3,000	18/09/11	17/09/14	0.5	1.00																								

Source

Hong Kong GAAP Limited

**Notes to the consolidated financial statements
for the year ended 31 December 2012 – continued**

Market-based measure of share options at the acquisition date

HKFRS 2.46,
47(a)

All outstanding vested share options were measured in accordance with HKFRS 2 *Share-based Payment* at their market-based measure at the acquisition date. The market-based measure of each share option determined at the acquisition date of Subsix Limited is HK\$1.00. Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioral considerations. Expected volatility is based on the historical share price volatility over the past 5 years. To allow for the effects of early exercise, it was assumed that executives and senior employees would exercise the options after vesting date when the share price was three and a half times the exercise price.

Inputs into the model

	Option series	
	1	2
Acquisition date share price	HK\$1.12	HK\$1.12
Exercise price	HK\$0.50	HK\$0.50
Expected volatility	8.10%	8.50%
Option life	1.7 years	2.2 years
Dividend yield	3.00%	3.11%
Risk-free interest rate	5.50%	5.45%
Others [please describe]	-	-

Movements in share options during the year

No more share options were granted and exercised after the Group obtained control over Subsix Limited. The share options outstanding at the end of the year had an exercise price of HK\$0.50, and a weighted average remaining contractual life of 551 days.

Source	Hong Kong GAAP Limited																		
HKAS 1.134 HKAS 1.135	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>48. Capital management</p> <p><i>Note: The following are <u>examples</u> of the types of disclosures that might be required in this area. The matters disclosed will be dictated by the circumstances of the individual entity, by the significance of judgements and estimates made to the financial performance and financial position, and based on information provided internally to the entity's key management personnel.</i></p> <p>The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2011.</p> <p>The capital structure of the Group consists of net debt (which includes borrowings, loan from government, convertible notes and obligations under finance leases net of cash and cash equivalents) and equity attributable to owners of the Company (comprising issued share capital, share premium, reserves and retained profits).</p> <p>The Group is not subject to any externally imposed capital requirements.</p> <p>Gearing ratio</p> <p>The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on the committee's recommendation, the Group has a target gearing ratio of 25-30% determined as the proportion of net debt to equity. The Group expects to increase its gearing ratio closer to 30% through the issue of new debts and the payment of dividends.</p> <p>The gearing ratio at the end of the reporting period was as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/12 HK\$'000</th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Debts (Note 1)</td> <td style="text-align: right;">60,580</td> <td style="text-align: right;">60,012</td> </tr> <tr> <td>Cash and cash equivalents (see note 52)</td> <td style="text-align: right; border-bottom: 1px solid black;">(20,473)</td> <td style="text-align: right; border-bottom: 1px solid black;">(22,010)</td> </tr> <tr> <td>Net debt</td> <td style="text-align: right;">40,107</td> <td style="text-align: right;">38,002</td> </tr> <tr> <td>Equity (Note 2)</td> <td style="text-align: right;">146,343</td> <td style="text-align: right;">145,811</td> </tr> <tr> <td>Net debt to equity ratio</td> <td style="text-align: right; border-bottom: 3px double black;">27%</td> <td style="text-align: right; border-bottom: 3px double black;">26%</td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> 1) Debt comprises long-term and short-term borrowings, loan from government, convertible notes and obligations under finance leases as detailed in notes 36, 37, 38 and 39 respectively. 2) Equity includes all capital and reserves attributable to owners of the Company. 		31/12/12 HK\$'000	31/12/11 HK\$'000	Debts (Note 1)	60,580	60,012	Cash and cash equivalents (see note 52)	(20,473)	(22,010)	Net debt	40,107	38,002	Equity (Note 2)	146,343	145,811	Net debt to equity ratio	27%	26%
	31/12/12 HK\$'000	31/12/11 HK\$'000																	
Debts (Note 1)	60,580	60,012																	
Cash and cash equivalents (see note 52)	(20,473)	(22,010)																	
Net debt	40,107	38,002																	
Equity (Note 2)	146,343	145,811																	
Net debt to equity ratio	27%	26%																	

Source	Hong Kong GAAP Limited	
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued	
	49. Financial instruments	
	49.1 Categories of financial instruments	
		31/12/12 HK\$'000
		31/12/11 HK\$'000
	<u>Financial assets</u>	
	Fair value through profit or loss	
HKFRS 7.8(a)	Held for trading	12,480
HKFRS 7.8(a)	Designated as at FVTPL (see below)	-
	Derivative instruments in designated hedge accounting relationships (see note 41)	528
HKFRS 7.8(b)	Held-to-maturity investments	6,863
HKFRS 7.8(c)	Loans and receivables (including cash and cash equivalents)	44,387
HKFRS 7.8(d)	Available-for-sale investments	5,600
		8,448
		-
		397
		5,262
		39,187
		4,857
	<u>Financial liabilities</u>	
	Fair value through profit or loss	
HKFRS 7.8(e)	Held for trading	-
HKFRS 7.8(e)	Designated as at FVTPL (see below)	-
	Derivative instruments in designated hedge accounting relationships (see note 41)	96
HKFRS 7.8(f)	Amortised cost	73,191
	Financial guarantee contracts (see note 41)	20
	Contingent consideration for a business combination (see note 41)	75
		80,789
		18
		-
	<u>Loans and receivables designated as at FVTPL</u>	
	Carrying amount of loans and receivables designated as at FVTPL	-
HKFRS 7.9(c)	Cumulative changes in fair value attributable to changes in credit risk	-
HKFRS 7.9(c)	Changes in fair value attributable to changes in credit risk recognised during the year	-
		-
HKFRS 7.9(b),(d)	<u>Credit derivatives over loans and designated as at FVTPL</u>	
		Year ended 31/12/12 HK\$'000
		Year ended 31/12/11 HK\$'000
	Opening fair value	-
	Additions during the year	-
	Realised during the year	-
	Change in fair value	-
	Closing fair value	-

Source	Hong Kong GAAP Limited																					
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p><i>Financial liabilities designated as at FVTPL</i></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><u>31/12/12</u> HK\$'000</th> <th style="text-align: right;"><u>31/12/11</u> HK\$'000</th> </tr> </thead> <tbody> <tr> <td>HKFRS 7.10(b) Difference between carrying amount and maturity amount</td> <td></td> <td></td> </tr> <tr> <td> Fair value</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td> Amount payable at maturity</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>-</u></td> <td style="text-align: right;"><u>-</u></td> </tr> <tr> <td>HKFRS 7.10(a) Cumulative changes in fair value attributable to changes in credit risk (Note)</td> <td style="text-align: right;"><u>-</u></td> <td style="text-align: right;"><u>-</u></td> </tr> <tr> <td>HKFRS 7.10(a) Changes in fair value attributable to changes in credit risk recognised during the year (Note)</td> <td style="text-align: right;"><u>-</u></td> <td style="text-align: right;"><u>-</u></td> </tr> </tbody> </table>		<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000	HKFRS 7.10(b) Difference between carrying amount and maturity amount			Fair value	-	-	Amount payable at maturity	-	-		<u>-</u>	<u>-</u>	HKFRS 7.10(a) Cumulative changes in fair value attributable to changes in credit risk (Note)	<u>-</u>	<u>-</u>	HKFRS 7.10(a) Changes in fair value attributable to changes in credit risk recognised during the year (Note)	<u>-</u>	<u>-</u>
	<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000																				
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HKFRS 7.10(a) Cumulative changes in fair value attributable to changes in credit risk (Note)	<u>-</u>	<u>-</u>																				
HKFRS 7.10(a) Changes in fair value attributable to changes in credit risk recognised during the year (Note)	<u>-</u>	<u>-</u>																				
HKFRS 7.11	<p>Note: The change in fair value attributable to change in credit risk is calculated as the difference between total change in fair value of financial liabilities designated as at FVTPL and the change in fair value of financial liabilities designated as at FVTPL due to change in market risk factors alone. The change in fair value due to market risk factors was calculated using benchmark interest yield curves as at the end of the reporting period holding credit risk margin constant. The fair value of financial liabilities designated as at FVTPL is estimated by discounting future cash flows using quoted benchmark interest yield curves as at the end of the reporting period and by obtaining lender quotes for borrowing of similar maturity to estimate credit risk margin.</p>																					
HKFRS 7.31	<p>49.2 Financial risk management objectives and policies</p> <p>The Group's Corporate Treasury function provides services to the business units, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.</p> <p>The Group seeks to minimise the effects of some of these risks by using derivative financial instruments. The use of derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign currency risk, interest rate risk, credit risk, the use of derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade derivative financial instruments for speculative purposes.</p> <p>The Corporate Treasury function reports monthly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate exposures.</p>																					
HKFRS 7.33(c)	<p>There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.</p>																					
HKFRS 7.33	<p>49.2.1 Market risk</p> <p>The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risks, including:</p> <ul style="list-style-type: none"> • forward foreign exchange contracts to hedge the exchange rate risk arising on foreign currency sales; and • interest rate swaps to mitigate the fair value interest rate risk. 																					

Source	Hong Kong GAAP Limited																																																													
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>Market risk exposures are measured using value-at-risk (VaR) and are supplemented by sensitivity analysis.</p>																																																													
HKFRS 7.33(c)	There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.																																																													
HKFRS 7.41	<p><i>49.2.1.1 Value at Risk (VaR) analysis</i></p> <p>The VaR risk measure estimates the potential loss in pre-taxation profit over a given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognising offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The one-day 99% VaR number used by the Group reflects the 99% probability that the daily loss will not exceed the reported VaR.</p> <p>VaR methodologies employed to calculate daily risk numbers include the historical and variance-covariance approaches. In addition to these two methodologies, Monte Carlo simulations are applied to the various portfolios on a monthly basis to determine potential future exposure.</p> <table border="1"> <thead> <tr> <th rowspan="3">Historical VaR (99%, one-day) by risk type</th> <th colspan="2">Average</th> <th colspan="2">Minimum</th> <th colspan="2">Maximum</th> <th colspan="2">Year ended</th> </tr> <tr> <th>2012</th> <th>2011</th> <th>2012</th> <th>2011</th> <th>2012</th> <th>2011</th> <th>31/12/12</th> <th>31/12/11</th> </tr> <tr> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Foreign exchange</td> <td>980</td> <td>1,340</td> <td>546</td> <td>943</td> <td>1,200</td> <td>1,600</td> <td>980</td> <td>1,350</td> </tr> <tr> <td>Interest rate</td> <td>115</td> <td>60</td> <td>85</td> <td>45</td> <td>150</td> <td>95</td> <td>105</td> <td>55</td> </tr> <tr> <td>Diversification</td> <td>(45)</td> <td>(40)</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>(55)</td> <td>(50)</td> </tr> <tr> <td>Total VaR exposure</td> <td>1,050</td> <td>1,360</td> <td></td> <td></td> <td></td> <td></td> <td>1,030</td> <td>1,355</td> </tr> </tbody> </table> <p>While VaR captures the Group's daily exposure to currency and interest rate risk, sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. The longer time frame of sensitivity analysis complements VaR and helps the Group to assess its market risk exposures. Details of sensitivity analysis for foreign currency risk and interest rate risk are set out below.</p> <p><i>49.2.1.2 Foreign currency risk management</i></p>	Historical VaR (99%, one-day) by risk type	Average		Minimum		Maximum		Year ended		2012	2011	2012	2011	2012	2011	31/12/12	31/12/11	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Foreign exchange	980	1,340	546	943	1,200	1,600	980	1,350	Interest rate	115	60	85	45	150	95	105	55	Diversification	(45)	(40)	-	-	-	-	(55)	(50)	Total VaR exposure	1,050	1,360					1,030	1,355
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Total VaR exposure	1,050	1,360					1,030	1,355																																																						
HKFRS 7.33, 34	<p>Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 28% of the Group's sales are denominated in currencies other than the functional currency of the group entity making the sale, whilst almost 90% of costs are denominated in the group entity's respective functional currencies. Exchange rate exposures are managed within approved policy parameters utilising forward foreign currency contracts.</p> <p>The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:</p> <table border="1"> <thead> <tr> <th rowspan="3"></th> <th colspan="2">Liabilities</th> <th colspan="2">Assets</th> </tr> <tr> <th>31/12/12</th> <th>31/12/11</th> <th>31/12/12</th> <th>31/12/11</th> </tr> <tr> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> </tr> </thead> <tbody> <tr> <td>RMB</td> <td>8,297</td> <td>7,469</td> <td>1,574</td> <td>1,671</td> </tr> <tr> <td>Euro</td> <td>186</td> <td>135</td> <td>-</td> <td>-</td> </tr> <tr> <td>Others (please specify)</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>		Liabilities		Assets		31/12/12	31/12/11	31/12/12	31/12/11	HK\$'000	HK\$'000	HK\$'000	HK\$'000	RMB	8,297	7,469	1,574	1,671	Euro	186	135	-	-	Others (please specify)	-	-	-	-																																	
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Source	Hong Kong GAAP Limited																												
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>Foreign currency sensitivity analysis</p> <p>The Group is mainly exposed to the effects of fluctuation in RMB and Euro.</p>																												
HKFRS 7.34(a), 40(b)	<p>The following table details the Group's sensitivity to a 5% and 10% (2011: 5%) increase and decrease in Hong Kong dollars against RMB and Euro respectively. The management adjusted the sensitivity rate from 5% to 10% for the purpose of assessing foreign currency risk against Euro. Hence, 5% and 10% (2011: 5%) are the sensitivity rates used in the current year when reporting foreign currency risk internally to key management personnel and represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as hedging instruments in cash flow hedges. It also includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the Hong Kong dollars strengthen 5% (2011: 5%) against RMB and 10% (2011: 5%) against Euro. For a 5% (2011: 5%) weakening of the Hong Kong dollars against RMB and 10% (2011: 5%) against Euro, there would be an equal and opposite impact on the profit or equity, and the balances below would be negative.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="3"></th> <th colspan="2" style="border-bottom: 1px solid black;">Impact of RMB</th> <th colspan="2" style="border-bottom: 1px solid black;">Impact of Euro</th> </tr> <tr> <th style="border-bottom: 1px solid black;">2012</th> <th style="border-bottom: 1px solid black;">2011</th> <th style="border-bottom: 1px solid black;">2012</th> <th style="border-bottom: 1px solid black;">2011</th> </tr> <tr> <th style="border-bottom: 1px solid black;">HK\$'000</th> <th style="border-bottom: 1px solid black;">HK\$'000</th> <th style="border-bottom: 1px solid black;">HK\$'000</th> <th style="border-bottom: 1px solid black;">HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Sensitivity rate</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">10%</td> <td style="text-align: center;">5%</td> </tr> <tr> <td>Profit or loss</td> <td style="text-align: center;">252</td> <td style="text-align: center;">217 (Note 1)</td> <td style="text-align: center;">14</td> <td style="text-align: center;">5 (Note 3)</td> </tr> <tr> <td>Equity</td> <td style="text-align: center;">35</td> <td style="text-align: center;">50 (Note 2)</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> </tbody> </table>		Impact of RMB		Impact of Euro		2012	2011	2012	2011	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Sensitivity rate	5%	5%	10%	5%	Profit or loss	252	217 (Note 1)	14	5 (Note 3)	Equity	35	50 (Note 2)	-	-
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Equity	35	50 (Note 2)	-	-																									
HKFRS 7.40(a) HKFRS 7.40(a)	<p>Notes:</p> <ol style="list-style-type: none"> 1) This is mainly attributable to the exposure outstanding on receivables and payables denominated in RMB not subject to cash flow hedge at the end of the reporting period. 2) This is as a result of the changes in fair value of foreign currency forward contracts designated as hedging instruments in cash flow hedges in relation to the Group's foreign currency forecast sales. 3) This is mainly attributable to the exposure to outstanding payables denominated in Euro at the end of the reporting period. 																												
HKFRS 7.42	<p>In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure at the end of the reporting period does not reflect the exposure during the year. RMB denominated sales are seasonal with lower sales volumes in the last quarter of the financial year, which results in a reduction in RMB receivables at the end of the reporting period.</p>																												
HKFRS 7.33 HKFRS 7.34	<p><i>49.2.1.3 Interest rate risk management</i></p> <p>The Group's fair value interest rate risk relates primarily to fixed rate borrowings from a financial institution (see note 36 for details of these borrowings). In relation to these fixed rate borrowings, the Group enters into interest rate swaps to hedge against its exposures to changes in fair values of those borrowings. The critical terms of these interest rate swaps are similar to those of hedged borrowings. These interest rate swaps are designated as effective hedging instruments and hedge accounting is applied (see note 41 for details).</p> <p>The Group's cash flow interest rate risk relates primarily to variable rate borrowings (see note 36 for details of these borrowings). It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.</p>																												
HKFRS 7.34(c)	<p>The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollar denominated borrowings.</p>																												

Source	Hong Kong GAAP Limited
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p>
	<p>Interest rate sensitivity analysis</p>
HKFRS 7.40(b) HKFRS 7.34(a)	<p>The sensitivity analyses below have been determined based on the exposure to interest rates for 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 50 basis points (2011: 50 basis points) increase or decrease in HIBOR 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.</p>
HKFRS 7.40(a)	<p>If interest rates had been 50 basis points (2011: 50 basis points) higher/lower and all other variables were held constant, the Group's:</p> <ul style="list-style-type: none"> • post-tax profit for the year ended 31 December 2012 would decrease/increase by HK\$178,000 (2011: decrease/increase by HK\$207,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings; and • other comprehensive income for the year ended 31 December 2012 would decrease/increase by HK\$11,000 (2011: decrease/increase by HK\$11,000) mainly as a result of the changes in the fair value of available-for-sale fixed rate instruments.
HKFRS 7.33, 34 HKFRS 7.34(c)	<p><u>49.2.1.4 Other price risks</u></p> <p>The Group is exposed to equity price risk mainly through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities operating in banking, telecommunication and construction industry sectors quoted in The Stock Exchange of Hong Kong Limited. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.</p>
	<p>Equity price sensitivity analysis</p>
HKFRS 7.40(b)	<p>The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.</p>
HKFRS 7.40(a)	<p>If equity prices had been 15% higher/lower (2011: 15% higher/lower):</p> <ul style="list-style-type: none"> • post-tax profit for the year ended 31 December 2012 would increase/decrease by HK\$1,404,000 (2011: increase/decrease by HK\$950,000). This is mainly due to the changes in fair value of held-for-trading investments; and • other comprehensive income for the year ended 31 December 2012 would increase/decrease by HK\$630,000 (2011: increase/decrease by HK\$546,000) as a result of the changes in fair value of available-for-sale investments.
	<p><u>49.2.2 Credit risk management</u></p>
HKFRS 7.33, 34, 36, B8, B9	<p>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 and financial guarantees provided by the Group is arising from:</p> <ul style="list-style-type: none"> • the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
HKFRS 7.B10(c)	<ul style="list-style-type: none"> • the amount of contingent liabilities in relation to the financial guarantees provided by the Group as disclosed in note 57.
	<p>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 debt and debt investment 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.</p>

Source	Hong Kong GAAP Limited
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p>
	<p>Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivable and, where appropriate, credit guarantee insurance cover is purchased.</p>
	<p>Apart from Company A, the largest customer of the Group (see below and refer to notes 6 and 30), the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to Company A did not exceed 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the year.</p>
	<p>The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.</p>
HKFRS 7.34(c)	<p>Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.</p>
	<p><i>49.2.2.1 Collateral held as security and other credit enhancements</i></p>
HKFRS 7.36(b)	<p>The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets except for finance lease receivables and an amount due from a director. Credit risks associated with the finance lease receivables and an amount due from a director are mitigated because the finance lease receivables and the amount due from a director are secured over the leased storage equipment and a residential property respectively. The carrying amounts of the finance lease receivables and the amount due from a director amounted to HK\$1,028,000 and HK\$440,000 respectively (31 December 2011: HK\$905,000 and HK\$nil respectively).</p>
	<p>As at 31 December 2012, the fair value of the leased assets and the residential property are estimated to be approximately HK\$1,000,000 and HK\$2,500,000 respectively. As at 31 December 2011, the fair value of the leased assets amounted to HK\$900,000.</p>
	<p>The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee and the director.</p>
	<p><i>Note: HKFRS 7.36(b) (amended as part of Improvements to HKFRSs issued in 2011) specifies that entities should give a description of collateral held as security and of other credit enhancements, and their financial effect (e.g. a quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk.</i></p>
	<p><i>49.2.3 Liquidity risk management</i></p>
HKFRS 7.33, 39(c)	<p>Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.</p>
HKAS 7.50(a)	<p>As at 31 December 2012, the Group has available unutilised overdrafts, and short and medium term bank loan facilities of approximately HK\$2 million (31 December 2011: HK\$1 million) and HK\$5 million (31 December 2011: HK\$3 million) respectively.</p>

Source	Hong Kong GAAP Limited
HKFRS 7.34, 35, 39	<p data-bbox="363 248 935 302">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="363 331 528 360"><i>Liquidity tables</i></p> <p data-bbox="363 389 1445 470">The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have 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.</p> <p data-bbox="363 499 1441 607">Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights within one year after the reporting date. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.</p> <p data-bbox="363 636 1441 689">The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.</p>
HKFRS 7.B11E	<p data-bbox="363 719 1441 857">In addition, the following tables detail the Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual cash flows of the financial assets including interest that will be earned on those assets. The inclusion of information on these non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.</p>
HKFRS 7.B10A(b)	<p data-bbox="363 882 1409 963">The amounts included below for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates different to those estimates of interest rates determined at the end of the reporting period.</p> <p data-bbox="363 992 1449 1240">Moreover, the following tables detail the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of these derivatives, which have been entered into for hedging purposes.</p>

Source	Hong Kong GAAP Limited
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**Notes to the consolidated financial statements
for the year ended 31 December 2012 – continued**

Note: The tables below include the weighted average interest rate and the presentation of the corresponding carrying amounts in the consolidated statement of financial position as an example of summary quantitative data about exposure to interest rates at the end of the reporting period that an entity may provide internally to key management personnel.

	Weighted average interest rate %	On demand or less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1-5 years HK\$'000	>5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
31/12/12								
Non-derivative financial assets								
Trade and other receivables	-	9,064	10,950	462	519	-	20,995	20,995
Debt investments	6.9%	18	88	5,766	4,000	-	9,872	9,063
Equity investments	-	-	-	-	15,880	-	15,880	15,880
Pledged bank deposits	3.5%	-	-	-	2,140	-	2,140	2,000
Cash and bank balances	3.0%	9,500	11,982	-	-	-	21,482	20,836
Amounts due from directors	-	-	-	656	-	-	656	656
Others (please specify)	-	-	-	-	-	-	-	-
		18,582	23,020	6,884	22,539	-	71,025	69,430
Non-derivative financial liabilities								
Trade and other payables	-	(5,733)	(6,354)	-	-	-	(12,087)	(12,087)
Borrowings								
- fixed rate	6.2%	(198)	(594)	(1,584)	(4,764)	-	(7,140)	(6,100)
- variable rate (note 1)	6.1%	(11,735)	(4,825)	(16,181)	(12,035)	(5,794)	(50,570)	(47,663)
Loan from government	7.2%	-	-	(3,000)	-	-	(3,000)	(2,798)
Convertible notes	5.5%	-	-	(248)	(4,994)	-	(5,242)	(4,144)
Bank overdrafts	7.5%	(547)	-	-	-	-	(547)	(538)
Obligations under finance leases	4.0%	(1)	(2)	(7)	(6)	-	(16)	(14)
Financial guarantee contracts (note 2)	-	(970)	-	-	-	-	(970)	(20)
Others (please specify)	-	-	-	-	-	-	-	-
		(19,184)	(11,775)	(6,228)	(21,799)	(20,586)	(79,572)	(73,364)
31/12/11								
Non-derivative financial assets								
Trade and other receivables	-	5,409	8,800	333	250	-	14,792	14,792
Debt investments	6.7%	20	1,165	3,630	2,818	-	7,633	7,384
Equity investments	-	-	-	-	11,183	-	11,183	11,183
Pledged bank deposits	4.3%	-	-	-	2,140	-	2,140	2,000
Cash and bank balances	3.7%	13,450	9,854	-	-	-	23,304	22,388
Amount due from a director	-	-	-	107	-	-	107	107
Others (please specify)	-	-	-	-	-	-	-	-
		18,879	19,819	4,070	16,391	-	59,159	57,854
Non-derivative financial liabilities								
Trade and other payables	-	(7,991)	(8,089)	(4,408)	-	-	(20,488)	(20,488)
Borrowings								
- fixed rate	6.1%	(14)	(28)	(1,120)	(1,424)	-	(2,586)	(2,100)
- variable rate (note 1)	6.2%	(17,701)	(5,409)	(17,389)	(10,517)	(6,850)	(57,866)	(55,276)
Loan from government	7.2%	-	-	(3,000)	(3,000)	-	(3,000)	(2,610)
Bank overdrafts	6.4%	(392)	-	-	-	-	(392)	(378)
Obligations under finance leases	4.5%	(5)	(10)	(43)	(44)	-	(102)	(89)
Financial guarantee contracts (note 2)	-	(1,050)	-	-	-	-	(1,050)	(18)
Others (please specify)	-	-	-	-	-	-	-	-
		(27,153)	(13,536)	(22,960)	(14,985)	(6,850)	(85,484)	(80,959)

Source	Hong Kong GAAP Limited
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p>
	<p>Notes:</p>
HKFRS 7.39(c)	<p>1) Bank loans with a repayment on demand clause are included in the 'on demand or less than 1 month' time band in the above maturity analysis. As at 31 December 2012 and 31 December 2011, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$11,000,000 and HK\$10,180,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid two years after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK\$11,500,000.</p>
HKFRS 7.B10(c)	<p>2) The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.</p>

Source	Hong Kong GAAP Limited																																																																																																																																																																								
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p><i>Liquidity tables - continued</i></p> <p>The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Less than 1 month HK\$'000</th> <th style="text-align: center;">1-3 months HK\$'000</th> <th style="text-align: center;">3 months to 1 year HK\$'000</th> <th style="text-align: center;">1-5 years HK\$'000</th> <th style="text-align: center;">5+ years HK\$'000</th> <th style="text-align: center;">Total undiscounted cash flows HK\$'000</th> <th style="text-align: center;">Total carrying amount HK\$'000</th> </tr> </thead> <tbody> <tr> <td colspan="8">31/12/12</td> </tr> <tr> <td colspan="8">Derivatives - net settlement</td> </tr> <tr> <td>Interest rate swaps</td> <td style="text-align: right;">13</td> <td style="text-align: right;">38</td> <td style="text-align: right;">16</td> <td style="text-align: right;">212</td> <td style="text-align: right;">-</td> <td style="text-align: right;">279</td> <td style="text-align: right;">279</td> </tr> <tr> <td>Foreign exchange forward contracts</td> <td style="text-align: right;">(5)</td> <td style="text-align: right;">(21)</td> <td style="text-align: right;">9</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">(17)</td> <td style="text-align: right;">(17)</td> </tr> <tr> <td></td> <td style="text-align: right;">8</td> <td style="text-align: right;">17</td> <td style="text-align: right;">25</td> <td style="text-align: right;">212</td> <td style="text-align: right;">-</td> <td style="text-align: right;">262</td> <td style="text-align: right;">262</td> </tr> <tr> <td colspan="8">Derivatives - 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net settlement								Interest rate swaps	13	38	16	212	-	279	279	Foreign exchange forward contracts	(5)	(21)	9	-	-	(17)	(17)		8	17	25	212	-	262	262	Derivatives - gross settlement								Foreign exchange forward contracts								- inflow	-	6,054	5,079	-	-	11,133	11,133	- outflow	-	(5,811)	(5,152)	-	-	(10,963)	(10,963)		-	243	(73)	-	-	170	170	31/12/11								Derivatives - net settlement								Interest rate swaps	12	5	20	140	-	177	177	Foreign exchange forward contracts	(10)	(15)	(9)	-	-	(34)	(34)		2	(10)	11	140	-	143	143	Derivatives - gross settlement								Foreign exchange forward contracts								- inflow	-	3,423	5,316	-	-	8,739	8,739	- outflow	-	(3,240)	(5,245)	-	-	(8,485)	(8,485)		-	183	71	-	-	254	254
	Less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1-5 years HK\$'000	5+ years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000																																																																																																																																																																		
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	<p>49.3 Fair value of financial instruments</p>																																																																																																																																																																								
HKFRS 7.27	<p>The fair values of financial assets and financial liabilities are determined as follows.</p> <ul style="list-style-type: none"> The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid and ask prices respectively. The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. 																																																																																																																																																																								

Source	Hong Kong GAAP Limited																																																					
HKFRS 7.25 HKFRS 7.29(a)	<p data-bbox="363 250 938 304">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="363 331 1452 412">Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values:</p> <table border="1" data-bbox="826 443 1458 833"> <thead> <tr> <th rowspan="3"></th> <th colspan="2" style="border-bottom: 1px solid black;">31/12/12</th> <th colspan="2" style="border-bottom: 1px solid black;">31/12/11</th> </tr> <tr> <th style="border-bottom: 1px solid black;">Carrying amount</th> <th style="border-bottom: 1px solid black;">Fair value</th> <th style="border-bottom: 1px solid black;">Carrying amount</th> <th style="border-bottom: 1px solid black;">Fair value</th> </tr> <tr> <th style="border-bottom: 1px solid black;">HK\$'000</th> <th style="border-bottom: 1px solid black;">HK\$'000</th> <th style="border-bottom: 1px solid black;">HK\$'000</th> <th style="border-bottom: 1px solid black;">HK\$'000</th> </tr> </thead> <tbody> <tr> <td colspan="5">Financial assets</td> </tr> <tr> <td colspan="5">Held-to-maturity investments:</td> </tr> <tr> <td>Debt securities</td> <td style="text-align: right;">6,863</td> <td style="text-align: right;">6,880</td> <td style="text-align: right;">5,262</td> <td style="text-align: right;">5,273</td> </tr> <tr> <td>Finance lease receivables (Note 1)</td> <td style="text-align: right;">1,028</td> <td style="text-align: right;">1,071</td> <td style="text-align: right;">905</td> <td style="text-align: right;">919</td> </tr> <tr> <td colspan="5">Financial liabilities</td> </tr> <tr> <td>Convertible notes (Note 2)</td> <td style="text-align: right;">4,144</td> <td style="text-align: right;">4,150</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Obligations under finance leases</td> <td style="text-align: right;">14</td> <td style="text-align: right;">13</td> <td style="text-align: right;">89</td> <td style="text-align: right;">85</td> </tr> <tr> <td>Fixed-rate borrowings</td> <td style="text-align: right;">6,100</td> <td style="text-align: right;">5,941</td> <td style="text-align: right;">2,100</td> <td style="text-align: right;">2,143</td> </tr> </tbody> </table> <p data-bbox="363 860 437 882">Notes:</p> <ol data-bbox="363 913 1452 1106" style="list-style-type: none"> The fair value of finance lease receivables is estimated to be HK\$1,070,500 (31 December 2011: HK\$919,000) using an 8.5% (31 December 2011: 8.25%) discount rate based on a quoted four-year swap rate and adding a credit margin that reflects the secured nature of the receivables. The fair value of the liability component of convertible notes is determined assuming redemption on 1 September 2015 and using a 7.95% interest rate based on a quoted swap rate of 6.8% for a 20 months loan and holding the credit risk margin constant. 		31/12/12		31/12/11		Carrying amount	Fair value	Carrying amount	Fair value	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Financial assets					Held-to-maturity investments:					Debt securities	6,863	6,880	5,262	5,273	Finance lease receivables (Note 1)	1,028	1,071	905	919	Financial liabilities					Convertible notes (Note 2)	4,144	4,150	-	-	Obligations under finance leases	14	13	89	85	Fixed-rate borrowings	6,100	5,941	2,100	2,143
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HKFRS 7.27B(a)	<p data-bbox="363 1137 1372 1164"><u>49.3.1 Fair value measurements recognised in the consolidated statement of financial position</u></p> <p data-bbox="363 1187 1442 1267">The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:</p> <ul data-bbox="363 1303 1449 1559" style="list-style-type: none"> 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 observable for the asset 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 asset or liability that are not based on observable market data (unobservable inputs). 																																																					

Source	Hong Kong GAAP Limited			
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued			
	31/12/12			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Financial assets			
Derivative financial assets	-	528	-	528
Held for trading-listed equity securities	12,480	-	-	12,480
	Available-for-sale investments			
Listed equity securities	2,560	-	-	2,560
Listed debt securities	2,200	-	-	2,200
Unlisted equity securities (Note)	-	-	840	840
Total	<u>17,240</u>	<u>528</u>	<u>840</u>	<u>18,608</u>
	Financial liabilities			
Contingent consideration for a business combination (Note)	-	-	(75)	(75)
Other derivative financial liabilities	-	(96)	-	(96)
Total	<u>-</u>	<u>(96)</u>	<u>(75)</u>	<u>(171)</u>
	Note: The fair values of unlisted equity investments classified as available-for-sale investments and contingent consideration for a business combination are measured using a discounted cash flow model that includes some assumptions that are not supportable by observable market prices or rates (see notes 27 and 50 for details).			
	31/12/11			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Financial assets			
Derivative financial assets	-	397	-	397
Held for trading-listed equity securities	8,448	-	-	8,448
	Available-for-sale investments			
Listed equity securities	2,315	-	-	2,315
Listed debt securities	2,122	-	-	2,122
Unlisted equity securities (Note)	-	-	420	420
Total	<u>12,885</u>	<u>397</u>	<u>420</u>	<u>13,702</u>
	Financial liabilities			
Others [please describe]	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Note: The fair value of unlisted equity investments classified as available-for-sale investments is measured using a discounted cash flow model that includes some assumptions that are not supportable by observable market prices or rates (see note 27 for details).			
HKFRS 7.27B(b)	There were no transfers between Levels 1 and 2 in both years.			

Source	Hong Kong GAAP Limited																																																																																																
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HKFRS 7.27B(c)	<p><i>49.3.2 Reconciliation of Level 3 fair value measurements of financial assets</i></p> <table border="1"> <thead> <tr> <th rowspan="3"></th> <th colspan="3">Year ended 31/12/12</th> </tr> <tr> <th>Unquoted equity investments</th> <th>Others [please describe]</th> <th>Total</th> </tr> <tr> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Opening balance</td> <td>420</td> <td>-</td> <td>420</td> </tr> <tr> <td>Gains or losses recognised in:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>- profit or loss</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>- other comprehensive income</td> <td>(10)</td> <td>-</td> <td>(10)</td> </tr> <tr> <td>Reclassification of remaining interest in E Plus Limited from investment in associate to available-for-sale (see note 24)</td> <td>360</td> <td>-</td> <td>360</td> </tr> <tr> <td>Purchases</td> <td>70</td> <td>-</td> <td>70</td> </tr> <tr> <td>Issues</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Settlements</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Transfers out of level 3</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Closing balance</td> <td>840</td> <td>-</td> <td>840</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th rowspan="3"></th> <th colspan="3">Year ended 31/12/11</th> </tr> <tr> <th>Unquoted equity investments</th> <th>Others [please describe]</th> <th>Total</th> </tr> <tr> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Opening balance</td> <td>400</td> <td>-</td> <td>400</td> </tr> <tr> <td>Gains or losses recognised in:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>- profit or loss</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>- other comprehensive income</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Purchases</td> <td>20</td> <td>-</td> <td>20</td> </tr> <tr> <td>Issues</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Settlements</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Transfers out of level 3</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Closing balance</td> <td>420</td> <td>-</td> <td>420</td> </tr> </tbody> </table> <p>The tables above only include financial assets. The only financial liability that is subsequently measured at fair value is contingent consideration for the acquisition of Subsix Limited. Such a financial liability is classified as Level 3 (see note 50). No gain or loss for the current year relating to this contingent liability has been recognised in profit or loss.</p>		Year ended 31/12/12			Unquoted equity investments	Others [please describe]	Total	HK\$'000	HK\$'000	HK\$'000	Opening balance	420	-	420	Gains or losses recognised in:				- profit or loss	-	-	-	- other comprehensive income	(10)	-	(10)	Reclassification of remaining interest in E Plus Limited from investment in associate to available-for-sale (see note 24)	360	-	360	Purchases	70	-	70	Issues	-	-	-	Settlements	-	-	-	Transfers out of level 3	-	-	-	Closing balance	840	-	840		Year ended 31/12/11			Unquoted equity investments	Others [please describe]	Total	HK\$'000	HK\$'000	HK\$'000	Opening balance	400	-	400	Gains or losses recognised in:				- profit or loss	-	-	-	- other comprehensive income	-	-	-	Purchases	20	-	20	Issues	-	-	-	Settlements	-	-	-	Transfers out of level 3	-	-	-	Closing balance	420	-	420
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	Unquoted equity investments	Others [please describe]	Total																																																																																														
	HK\$'000	HK\$'000	HK\$'000																																																																																														
Opening balance	400	-	400																																																																																														
Gains or losses recognised in:																																																																																																	
- profit or loss	-	-	-																																																																																														
- other comprehensive income	-	-	-																																																																																														
Purchases	20	-	20																																																																																														
Issues	-	-	-																																																																																														
Settlements	-	-	-																																																																																														
Transfers out of level 3	-	-	-																																																																																														
Closing balance	420	-	420																																																																																														
HKFRS 7.27B(d)	<p>All of the above gains and losses included in other comprehensive income for the current year relate to unquoted equity investments held at the end of the reporting period and are reported as changes of 'investments revaluation reserve' (see note 45).</p>																																																																																																

Section 2

Source	Hong Kong GAAP Limited																																																		
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>50. Business combinations</p>																																																		
HKFRS 3.B64(a) to (d)	<p>Subsidiaries acquired</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Principal activity</u></th> <th style="text-align: center;"><u>Date of acquisition</u></th> <th style="text-align: center;"><u>Proportion of shares acquired (%)</u></th> <th style="text-align: center;"><u>Consideration transferred HK\$'000</u></th> </tr> </thead> <tbody> <tr> <td colspan="5">2012</td> </tr> <tr> <td>Subsix Limited</td> <td>Manufacture of electronic equipment</td> <td>15/07/12</td> <td>80</td> <td>505</td> </tr> <tr> <td>Subseven Limited</td> <td>Manufacture of electronic equipment</td> <td>30/11/12</td> <td>100</td> <td>687</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;">1,192</td> </tr> <tr> <td></td> <td colspan="4">Subsix Limited and Subseven Limited were acquired so as to continue the expansion of the Group's electronic equipment operations.</td> </tr> <tr> <td></td> <td colspan="4">2011</td> </tr> <tr> <td></td> <td colspan="4">[Please describe]</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;">-</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;">-</td> </tr> </tbody> </table>		<u>Principal activity</u>	<u>Date of acquisition</u>	<u>Proportion of shares acquired (%)</u>	<u>Consideration transferred HK\$'000</u>	2012					Subsix Limited	Manufacture of electronic equipment	15/07/12	80	505	Subseven Limited	Manufacture of electronic equipment	30/11/12	100	687					1,192		Subsix Limited and Subseven Limited were acquired so as to continue the expansion of the Group's electronic equipment operations.					2011					[Please describe]								-					-
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HKFRS 3.B66	<p><i>Note: For clarity of presentation in these illustrative financial statements, it has been assumed that there were no business combinations in the comparative period. If there had been a business combination in 2011, all of the disclosures set out in HKFRS 3 would also be required for that prior year business combination.</i></p> <p><i>The disclosures illustrated are also required for business combinations after the end of the reporting period but before the financial statements are authorised for issue unless the initial accounting for the acquisition is incomplete at the time the financial statements are authorised for issue. In such circumstances, the entity is required to describe which disclosures could not be made and the reasons why they could not be made.</i></p>																																																		
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HKAS 7.40(a)	Total																																																		
HKFRS 3.B64(g)	<p>Notes:</p> <p>1) The contingent consideration requires the Group to pay the vendors an additional HK\$300,000 if Subsix Limited's profit before interest and tax (PBIT) in each of the years 2012 and 2013 exceeds HK\$500,000. Subsix's PBIT for the past three years has been HK\$350,000 on average and the directors do not consider it probable that this payment will be required. HK\$75,000 represents the estimated fair value of this obligation. Fair value is estimated based on discounted cash flow model, using an earnings growth rate of 5.0% for 2012 and 2013 and a risk adjusted discount factor of 12.5% as inputs.</p>																																																		

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HKFRS 3.B64(l)	2) Prior to the acquisition of Subseven Limited, the Group was pursuing a legal claim against that company in respect of damage to goods in transit to a customer. Although the Group was confident of recovery, this amount has not previously been recognised as an asset. In line with the requirements of HKFRS 3, the Group has recognised the effective settlement of this legal claim on the acquisition of Subseven Limited by recognising HK\$40,000 (being the estimated fair value of the claim) as a gain in the 'other gains and losses' line item in profit or loss. This has resulted in a corresponding increase in the consideration transferred.																																																												
HKFRS 3.B64(m)	Acquisition-related costs amounting to HK\$145,000 (Subsix Limited: HK\$65,000; Subseven Limited: HK\$80,000) have been excluded from the consideration transferred and have been recognised as an expense in the period, within the 'other expenses' line item in the [statement of comprehensive income/income statement].																																																												
HKFRS 3.B64(i)	Assets acquired and liabilities recognised at the date of acquisition																																																												
HKAS 7.40(d)	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Subsix Limited</th> <th style="text-align: center;">Subseven Limited</th> <th style="text-align: center;">Total</th> </tr> <tr> <th></th> <th style="text-align: center;">HK\$'000</th> <th style="text-align: center;">HK\$'000</th> <th style="text-align: center;">HK\$'000</th> </tr> </thead> <tbody> <tr> <td colspan="4"><u>Current assets</u></td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">200</td> <td style="text-align: right;">-</td> <td style="text-align: right;">200</td> </tr> <tr> <td>Trade and other receivables</td> <td style="text-align: right;">87</td> <td style="text-align: right;">105</td> <td style="text-align: right;">192</td> </tr> <tr> <td>Inventories</td> <td style="text-align: right;">-</td> <td style="text-align: right;">57</td> <td style="text-align: right;">57</td> </tr> <tr> <td colspan="4"><u>Non-current assets</u></td> </tr> <tr> <td>In-process research and development</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Plant and equipment</td> <td style="text-align: right;">143</td> <td style="text-align: right;">369</td> <td style="text-align: right;">512</td> </tr> <tr> <td colspan="4"><u>Current liabilities</u></td> </tr> <tr> <td>Trade and other payables</td> <td style="text-align: right;">(18)</td> <td style="text-align: right;">(35)</td> <td style="text-align: right;">(53)</td> </tr> <tr> <td colspan="4"><u>Non-current liabilities</u></td> </tr> <tr> <td>Deferred tax liabilities</td> <td style="text-align: right;">(17)</td> <td style="text-align: right;">-</td> <td style="text-align: right;">(17)</td> </tr> <tr> <td>Contingent liabilities (see note 40)</td> <td style="text-align: right;">(45)</td> <td style="text-align: right;">-</td> <td style="text-align: right;">(45)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>350</u></td> <td style="text-align: right; border-top: 1px solid black;"><u>496</u></td> <td style="text-align: right; border-top: 1px solid black;"><u>846</u></td> </tr> </tbody> </table>		Subsix Limited	Subseven Limited	Total		HK\$'000	HK\$'000	HK\$'000	<u>Current assets</u>				Cash and cash equivalents	200	-	200	Trade and other receivables	87	105	192	Inventories	-	57	57	<u>Non-current assets</u>				In-process research and development	-	-	-	Plant and equipment	143	369	512	<u>Current liabilities</u>				Trade and other payables	(18)	(35)	(53)	<u>Non-current liabilities</u>				Deferred tax liabilities	(17)	-	(17)	Contingent liabilities (see note 40)	(45)	-	(45)		<u>350</u>	<u>496</u>	<u>846</u>
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HKFRS 3.B64(h)	The receivables acquired (which principally comprised trade receivables) in these transactions with a fair value of HK\$87,000 (Subsix Limited) and HK\$105,000 (Subseven Limited) had gross contractual amounts of HK\$104,000 and HK\$120,000 respectively. The best estimate at acquisition date of the contractual cash flows not expected to be collected are HK\$17,000 (Subsix Limited) and HK\$15,000 (Subseven Limited).																																																												
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HKFRS 3.B64(o)	<p>The non-controlling interests (20%) in Subsix Limited recognised at the acquisition date was measured by reference to the fair value of the non-controlling interests and amounted to HK\$127,000. This fair value was estimated by applying an income approach. The following were the key model inputs used in determining the fair value:</p> <ul style="list-style-type: none"> assumed discount rate of 18%; assumed long-term sustainable growth rate of 3%; and assumed adjustments because of the lack of control or lack of marketability that market participants would consider when estimating the fair value of the non-controlling interests in Subsix Limited. <p>In addition, the non-controlling interests recognised at the acquisition date include the market-based measure of all outstanding share options granted by Subsix Limited to its employees. These outstanding share options had been vested at the acquisition date and were measured in accordance with HKFRS 2 at their market-based measure of HK\$5,000. Methods and significant assumptions used in determining the market-based measure at the acquisition date are set out in note 47.2.2.</p>																																																												

Section 2

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HKFRS 3.B64(e)	Goodwill arose in the acquisition of Subsix Limited and Subseven Limited because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Subsix Limited and Subseven Limited. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.																								
HKFRS 3.B64(k)	None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.																								
	<p><i>Net cash outflow on acquisition of subsidiaries</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center; border-bottom: 1px solid black;">Year ended 31/12/12 HK\$'000</th> <th style="text-align: center; border-bottom: 1px solid black;">Year ended 31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Consideration paid in cash</td> <td style="text-align: right;">1,077</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Less: cash and cash equivalent balances acquired</td> <td style="text-align: right; border-bottom: 1px solid black;">(200)</td> <td style="text-align: right; border-bottom: 1px solid black;">-</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">877</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">-</td> </tr> </tbody> </table>		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000	Consideration paid in cash	1,077	-	Less: cash and cash equivalent balances acquired	(200)	-		877	-												
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	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p><i>Impact of acquisitions on the results of the Group</i></p> <p>HKFRS 3.B64(q) Included in the profit for the year is HK\$35,000 attributable to the additional business generated by Subsix Limited, and HK\$13,000 attributable to Subseven Limited. Revenue for the year includes HK\$2.3 million in respect of Subsix Limited and HK\$2.8 million in respect of Subseven Limited.</p> <p>HKFRS 3.B64(q) Had these business combinations been effected at 1 January 2012, the revenue of the Group from continuing operations would have been HK\$145 million, and the profit for the year from continuing operations would have been HK\$19.7 million. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.</p> <p>In determining the 'pro-forma' revenue and profit of the Group had Subsix Limited and Subseven Limited been acquired at the beginning of the current year, the directors have:</p> <ul style="list-style-type: none"> • calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and • based borrowing costs on the funding levels, credit ratings and debt/equity position of the Group after the business combination. <p>51. Disposal of a subsidiary</p> <p>On 30 November 2012, the Group disposed of Subzero Limited which carried out its entire toy manufacturing operations.</p> <p><i>Consideration received</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">Year ended 31/12/12 HK\$'000</th> <th style="text-align: right;">Year ended 31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>HKAS 7.40(b) Consideration received in cash and cash equivalents</td> <td style="text-align: right;">7,854</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Deferred sales proceeds (see note 30)</td> <td style="text-align: right; border-top: 1px solid black;">960</td> <td style="text-align: right; border-top: 1px solid black;">-</td> </tr> <tr> <td>HKAS 7.40(a) Total consideration received</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">8,814</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">-</td> </tr> </tbody> </table> <p><i>Analysis of asset and liabilities over which control was lost</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">30/11/12 HK\$'000</th> </tr> </thead> <tbody> <tr> <td colspan="2"><i>Current assets</i></td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">288</td> </tr> <tr> <td>Trade receivables</td> <td style="text-align: right;">1,034</td> </tr> <tr> <td>Inventories</td> <td style="text-align: right;">2,716</td> </tr> <tr> <td colspan="2"><i>Non-current assets</i></td> </tr> <tr> <td>Property, plant and equipment</td> <td style="text-align: right;">5,662</td> </tr> <tr> <td>Goodwill</td> <td style="text-align: right;">3,080</td> </tr> <tr> <td colspan="2"><i>Current liabilities</i></td> </tr> <tr> <td>Payables</td> <td style="text-align: right;">(822)</td> </tr> <tr> <td colspan="2"><i>Non-current liabilities</i></td> </tr> <tr> <td>Borrowings</td> <td style="text-align: right;">(4,342)</td> </tr> <tr> <td>Deferred tax liabilities</td> <td style="text-align: right; border-top: 1px solid black;">(471)</td> </tr> <tr> <td>Net assets disposed of</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">7,145</td> </tr> </tbody> </table>		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000	HKAS 7.40(b) Consideration received in cash and cash equivalents	7,854	-	Deferred sales proceeds (see note 30)	960	-	HKAS 7.40(a) Total consideration received	8,814	-		30/11/12 HK\$'000	<i>Current assets</i>		Cash and cash equivalents	288	Trade receivables	1,034	Inventories	2,716	<i>Non-current assets</i>		Property, plant and equipment	5,662	Goodwill	3,080	<i>Current liabilities</i>		Payables	(822)	<i>Non-current liabilities</i>		Borrowings	(4,342)	Deferred tax liabilities	(471)	Net assets disposed of	7,145
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	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p><i>Gain on disposal of a subsidiary</i></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">Year ended 31/12/12 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Consideration received and receivable</td> <td style="text-align: right;">8,814</td> </tr> <tr> <td>Net assets disposed of</td> <td style="text-align: right;">(7,145)</td> </tr> <tr> <td>Non-controlling interests</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Cumulative gain/loss on available-for-sale financial assets reclassified from equity on loss of control of a subsidiary</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of a subsidiary</td> <td style="text-align: right; border-bottom: 1px solid black;">120</td> </tr> <tr> <td>HKAS 27.41(f) Gain on disposal</td> <td style="text-align: right; border-bottom: 3px double black;">1,789</td> </tr> </tbody> </table> <p>HKAS 27.41(f) The gain on disposal is included in the profit for the year from discontinued operations (see note 11).</p> <p><i>Net cash inflow on disposal of a subsidiary</i></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">Year ended 31/12/12 HK\$'000</th> <th style="text-align: right; border-bottom: 1px solid black;">Year ended 31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>HKAS 7.40(c) Consideration received in cash and cash equivalents</td> <td style="text-align: right;">7,854</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Less: cash and cash equivalent balances disposed of</td> <td style="text-align: right; border-bottom: 1px solid black;">(288)</td> <td style="text-align: right; border-bottom: 1px solid black;">-</td> </tr> <tr> <td></td> <td style="text-align: right; border-bottom: 3px double black;">7,566</td> <td style="text-align: right; border-bottom: 3px double black;">-</td> </tr> </tbody> </table> <p>52. Cash and cash equivalents</p> <p>HKAS 7.45 For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the statement of financial position as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/12 HK\$'000</th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Cash and bank balances</td> <td style="text-align: right;">20,836</td> <td style="text-align: right;">22,388</td> </tr> <tr> <td>Bank overdrafts</td> <td style="text-align: right; border-bottom: 1px solid black;">(538)</td> <td style="text-align: right; border-bottom: 1px solid black;">(378)</td> </tr> <tr> <td></td> <td style="text-align: right;">20,298</td> <td style="text-align: right;">22,010</td> </tr> <tr> <td>Cash and bank balances included in a disposal group classified as held for sale</td> <td style="text-align: right; border-bottom: 1px solid black;">175</td> <td style="text-align: right; border-bottom: 1px solid black;">-</td> </tr> <tr> <td></td> <td style="text-align: right; border-bottom: 3px double black;">20,473</td> <td style="text-align: right; border-bottom: 3px double black;">22,010</td> </tr> </tbody> </table> <p>HKAS 7.43 53. Non-cash transactions</p> <p>In addition to non-cash transactions disclosed in note 50, the Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:</p> <ul style="list-style-type: none"> • In the current year, the Group disposed of part of its interest in E Plus Limited and its entire interest in Subzero Limited, sales proceeds of HK\$1.245 million and HK\$960,000 respectively had not been received in cash at the end of the reporting period (see notes 24 and 51). • In prior year, the Group acquired HK\$40,000 of equipment under a finance lease (2012: nil). 		Year ended 31/12/12 HK\$'000	Consideration received and receivable	8,814	Net assets disposed of	(7,145)	Non-controlling interests	-	Cumulative gain/loss on available-for-sale financial assets reclassified from equity on loss of control of a subsidiary	-	Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of a subsidiary	120	HKAS 27.41(f) Gain on disposal	1,789		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000	HKAS 7.40(c) Consideration received in cash and cash equivalents	7,854	-	Less: cash and cash equivalent balances disposed of	(288)	-		7,566	-		31/12/12 HK\$'000	31/12/11 HK\$'000	Cash and bank balances	20,836	22,388	Bank overdrafts	(538)	(378)		20,298	22,010	Cash and bank balances included in a disposal group classified as held for sale	175	-		20,473	22,010
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Source	Hong Kong GAAP Limited		
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued		
	54. Operating leases		
	<i>The Group as lessee</i>		
		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000
	Minimum lease payments paid under operating leases during the period:		
HKAS 17.35(c) Sch 10:13(1)(i)	Premises	2,008	2,092
	Other assets [please describe]	-	-
		<u>2,008</u>	<u>2,092</u>
HKAS 17.35(a)	At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:		
		31/12/12 HK\$'000	31/12/11 HK\$'000
	Within one year	1,734	1,908
	In the second to fifth years inclusive	3,568	4,336
	Over five years	1,618	2,526
		<u>6,920</u>	<u>8,770</u>
HKAS 17.35(d)	Operating leases relate to warehouse facilities with lease terms of between 3 to 7 years (31 December 2011: 2 to 7 years), with an option to extend for a further 3 years. All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.		
	<i>The Group as lessor</i>		
HKAS 17.56(c)	Property rental income earned during the year was HK\$18,000 (2011: HK\$14,000). All of the Group's investment properties are held for rental purposes. They are expected to generate rental yields of 7% on an ongoing basis. All of the properties held have committed tenants for the next 4 years.		
HKAS 17.56(a)	At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:		
		31/12/12 HK\$'000	31/12/11 HK\$'000
	Within one year	10	18
	In the second to fifth years inclusive	44	22
	After five years	-	-
		<u>54</u>	<u>40</u>
	55. Commitments		
		31/12/12 HK\$'000	31/12/11 HK\$'000
HKAS 16.74(c) Sch 10:12(6)	Commitments for the acquisition of property, plant and equipment	4,856	6,010
HKAS 40.75(h)	In addition, the Group has entered into a contract for the management and maintenance of its investment properties for the next 5 years, which will give rise to an annual charge of HK\$3,500 (2011: HK\$3,250).		

Source	Hong Kong GAAP Limited		
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued		
	56. Pledge of assets		
	Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group or borrowings of the Group (see note 36):		
		<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000
HKAS 16.74(a)	Leasehold land and buildings	22,502	27,425
HKAS 40.75(g)	Investment properties	2,086	1,942
HKFRS 7.14(a)	Trade receivables	1,053	-
HKFRS 7.14(a)	Bank deposits	<u>2,000</u>	<u>2,000</u>
		<u>27,641</u>	<u>31,367</u>
	In addition, the Group's obligations under finance leases (see note 39) are secured by the lessors' title to the leased assets, which have a carrying amount of HK\$28,000 (31 December 2011: HK\$162,000).		
HKAS 37.86 Sch 10:12(5)	57. Contingent liabilities and contingent assets		
		<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000
	Contingent liabilities		
	Court proceedings (Note 1)	-	-
HKAS 31.54(a)	Contingent liabilities incurred by the Group arising from interests in jointly controlled entities (Note 2)	<u>110</u>	<u>116</u>
	Financial guarantees given to banks (Note 3)	<u>970</u>	<u>1,050</u>
	Contingent assets		
HKAS 37.89	Faulty goods claim (Note 4)	<u>140</u>	<u>-</u>
	Notes:		
	1) A subsidiary of the Group is a defendant in a legal action involving the alleged failure of the subsidiary to supply goods in accordance with the terms of contract. The directors believe, based on legal advice, that the action can be successfully defended and therefore no losses (including claims for costs) will be incurred. The legal claim is expected to be settled in the course of the next eighteen months.		
	2) A number of contingent liabilities have arisen as a result of the Group's interests in jointly controlled entities. The amount disclosed represents the aggregate amount of such contingent liabilities for which the Group as an investor is liable. The extent to which an outflow of funds will be required is dependent on the future operations of the jointly controlled entities being more or less favourable than currently expected. The Group is not contingently liable for the liabilities of other venturers in its jointly controlled entities.		
	3) This represents the aggregate amounts that could be required to be paid if the guarantees were called upon in entirety, of which HK\$0.5 million (31 December 2011: HK\$0.55 million) has been utilised by the bank's borrowers. At the end of the reporting period, an amount of HK\$20,000 (31 December 2011: HK\$18,000) has been recognised in the consolidated statement of financial position as liabilities (see note 41).		
	4) A subsidiary of the Group has a claim outstanding against a supplier for the supply of faulty products. Based on negotiations to date, the directors believe that it is probable that their claim will be successful and that compensation of HK\$0.14 million will be recovered.		

Source	Hong Kong GAAP Limited																																																													
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>58. Related party transactions</p> <p>Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.</p>																																																													
HKAS 24.18,19	<p>During the year, the Group entered into the following transactions with related parties:</p> <table border="1"> <thead> <tr> <th rowspan="3"></th> <th colspan="2">Trade sales</th> <th colspan="2">Trade purchases</th> <th colspan="2">Amounts due from related parties</th> <th colspan="2">Amounts due to related parties</th> </tr> <tr> <th>Year ended</th> <th>Year ended</th> <th>Year ended</th> <th>Year ended</th> <th>31/12/12</th> <th>31/12/11</th> <th>31/12/12</th> <th>31/12/11</th> </tr> <tr> <th>31/12/12</th> <th>31/12/11</th> <th>31/12/12</th> <th>31/12/11</th> <th>31/12/12</th> <th>31/12/11</th> <th>31/12/12</th> <th>31/12/11</th> </tr> <tr> <th></th> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Fellow subsidiaries</td> <td>693</td> <td>582</td> <td>439</td> <td>427</td> <td>209</td> <td>197</td> <td>231</td> <td>139</td> </tr> <tr> <td>Holding company</td> <td>1,299</td> <td>981</td> <td>897</td> <td>883</td> <td>398</td> <td>293</td> <td>149</td> <td>78</td> </tr> <tr> <td>Associates of Group Holdings Limited</td> <td>398</td> <td>291</td> <td>-</td> <td>-</td> <td>29</td> <td>142</td> <td>-</td> <td>-</td> </tr> </tbody> </table>		Trade sales		Trade purchases		Amounts due from related parties		Amounts due to related parties		Year ended	Year ended	Year ended	Year ended	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Fellow subsidiaries	693	582	439	427	209	197	231	139	Holding company	1,299	981	897	883	398	293	149	78	Associates of Group Holdings Limited	398	291	-	-	29	142	-	-
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HKAS 24.23	<p>Sales of goods to related parties were made at the Group's usual list prices, less average discounts of 5%. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.</p>																																																													
HKAS 24.18	<p>The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts due from related parties. The above amounts due from/to related parties are included in 'trade and other receivables' and 'trade and other payables' respectively.</p> <p>Loans from / to related parties</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">31/12/12</th> <th style="text-align: right;">31/12/11</th> </tr> <tr> <th></th> <th style="text-align: right;">HK\$'000</th> <th style="text-align: right;">HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Amounts due from directors (see note 32)</td> <td style="text-align: right;">656</td> <td style="text-align: right;">107</td> </tr> <tr> <td>Loans from fellow subsidiaries (see note 36)</td> <td style="text-align: right;">12,917</td> <td style="text-align: right;">31,124</td> </tr> </tbody> </table>		31/12/12	31/12/11		HK\$'000	HK\$'000	Amounts due from directors (see note 32)	656	107	Loans from fellow subsidiaries (see note 36)	12,917	31,124																																																	
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HKAS 24.18, 19	<p>In addition to the above, the Group received certain consultancy services from a company controlled by Mr. Gary D.K Wong, a director and the ultimate controlling party of the Company, for which management fee of HK\$240,000 (2011: HK\$240,000) was charged.</p>																																																													
HKAS 24.17	<p>Compensation of key management personnel</p> <p>The remuneration of directors and other members of key management during the year was as follows:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">Year ended</th> <th style="text-align: right;">Year ended</th> </tr> <tr> <th></th> <th style="text-align: right;">31/12/12</th> <th style="text-align: right;">31/12/11</th> </tr> <tr> <th></th> <th style="text-align: right;">HK\$'000</th> <th style="text-align: right;">HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Short-term benefits</td> <td style="text-align: right;">2,368</td> <td style="text-align: right;">2,027</td> </tr> <tr> <td>Post-employment benefits</td> <td style="text-align: right;">60</td> <td style="text-align: right;">139</td> </tr> <tr> <td>Other long-term benefits</td> <td style="text-align: right;">115</td> <td style="text-align: right;">176</td> </tr> <tr> <td>Share-based payments</td> <td style="text-align: right;">218</td> <td style="text-align: right;">246</td> </tr> <tr> <td>Termination benefits</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>2,761</u></td> <td style="text-align: right;"><u>2,588</u></td> </tr> </tbody> </table> <p>The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.</p>		Year ended	Year ended		31/12/12	31/12/11		HK\$'000	HK\$'000	Short-term benefits	2,368	2,027	Post-employment benefits	60	139	Other long-term benefits	115	176	Share-based payments	218	246	Termination benefits	-	-		<u>2,761</u>	<u>2,588</u>																																		
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Source	Hong Kong GAAP Limited										
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued										
	59. Subsidiaries										
s128(1),(2) App 16.9(1),(2) GR 18.10(1),(2)	Name of subsidiary	Place of incorporation / registration / operations	Class of shares held	Paid up registered capital	Proportion ownership interest held by the Company				Proportion of voting power held		Principal activities
					Directly		Indirectly				
					2012	2011	2012	2011	2012	2011	
					%	%	%	%	%	%	
	Subzero Limited	Hong Kong	Ordinary	HK\$50,000,000	-	-	-	100	-	100	Manufacture of toy
	Subone Limited	Hong Kong	Ordinary	HK\$1,000	-	-	90	100	90	100	Manufacture of electronic equipment
	Subtwo Limited	PRC	Registered	RMB5,000,000	-	-	100	100	100	100	Construction of residential properties
	Subthree Limited	Malaysia	Ordinary	RMB10,000,000	-	-	70	70	70	70	Manufacture of leisure good
	Subfour Limited	PRC	Registered	USD100	100	100	-	-	100	100	Manufacture of electronic equipment
	Subfive Limited	PRC	Registered	USD5,000	100	100	-	-	100	100	Manufacture of electronic equipment
	Subsix Limited	Hong Kong	Ordinary	HK\$100	-	-	80	-	80	-	Manufacture of electronic equipment
	Kowloon Limited	Hong Kong	Ordinary	HK\$100	-	-	100	-	100	-	Manufacture of electronic equipment
HKAS 27.41(e)	During the year, the Group disposed of 10% of its interest in Subone Limited, reducing its continuing interest to 90%. The proceeds on disposal of HK\$213,000 were received in cash. An amount of HK\$179,000 (being the proportionate share of the carrying amount of the net assets of Subone Limited) has been transferred to non-controlling interests. The difference of HK\$34,000 between that amount and the consideration received has been credited to retained earnings.										
s128(4)&(5) App 16.9(2) GR 18.10	The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected 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.										
	Subtwo Limited, Subfour and Subfive Limited are wholly owned foreign enterprises.										

Source

Hong Kong GAAP Limited

**Notes to the consolidated financial statements
for the year ended 31 December 2012 – continued**

60. Information about the statement of financial position of the Company

Information about the statement of financial position of the Company at the end of the reporting period includes:

	<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000
Unlisted investments in subsidiaries	133,030	133,030
Bank balances and cash	2,000	4,000
Other current assets	<u>3,610</u>	<u>3,210</u>
Total assets	<u>138,640</u>	<u>140,240</u>
Share capital (see note 44)	17,819	23,005
Reserves	<u>120,821</u>	<u>117,235</u>
Total equity	<u>138,640</u>	<u>140,240</u>

61. Events after the reporting period

HKAS 10.21

On 18 January 2013, the premises of Subfive Limited were seriously damaged by fire. Insurance claims are in process, but the cost of refurbishment is currently expected to exceed the amount that will be reimbursed by HK\$8.3 million.

Section 2

Source	Hong Kong GAAP Limited				
App 16.19 GR 18.33	Financial summary				
	For the year ended 31 December				
	2008	2009	2010	2011	2012
	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000
	Results				
Revenue	146,904	118,675	125,849	151,840	140,918
Costs of sales	(90,505)	(73,634)	(75,706)	(91,840)	(87,897)
Gross profit	56,399	45,041	50,143	60,000	53,021
Investment and other income	692	784	1,626	2,351	3,608
Other gains and losses	896	1,620	1,431	(173)	(1,128)
Distribution and selling expenses	(4,891)	(3,214)	(4,216)	(10,055)	(11,520)
Administrative expenses	(13,246)	(12,160)	(14,032)	(13,570)	(9,380)
Finance costs	(4,321)	(3,610)	(2,480)	(6,313)	(4,178)
Other expenses	(1,230)	(896)	(1,645)	(1,711)	(1,280)
Share of profits of associates	-	-	-	1,589	1,186
Gain recognised on disposal of an associate	-	-	-	-	581
Profit before tax	34,299	27,565	30,827	32,118	30,910
Income tax expense	(12,432)	(10,121)	(11,201)	(11,836)	(11,642)
Profit for the year from continuing operations	21,867	17,444	19,626	20,282	19,268
Profit for the year from discontinued operations	-	-	-	9,995	8,310
	<u>21,867</u>	<u>17,444</u>	<u>19,626</u>	<u>30,277</u>	<u>27,578</u>
Attributable to:					
Owners of the Company	21,841	17,390	19,529	27,514	23,578
Non-controlling interests	26	54	97	2,763	4,000
	<u>21,867</u>	<u>17,444</u>	<u>19,626</u>	<u>30,277</u>	<u>27,578</u>
Earnings per share					
Basic (HK cents)	112.8	109.6	120.3	119.8	105.0
Diluted (HK cents)	<u>110.7</u>	<u>101.4</u>	<u>118.2</u>	<u>118.8</u>	<u>99.4</u>
<i>Note: The format outlined above aggregates expenses according to their function.</i>					
	As at 31 December				
	2008	2009	2010	2011	2012
	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000
	Assets and liabilities				
Total Assets	216,847	202,839	274,255	265,615	268,267
Total Liabilities	(91,001)	(75,865)	(131,650)	(98,604)	(96,413)
	<u>125,846</u>	<u>126,974</u>	<u>142,605</u>	<u>167,011</u>	<u>171,854</u>
Equity attributable to owners of the Company	115,321	117,303	124,168	145,811	146,343
Non-controlling interests	10,525	9,671	18,437	21,200	25,511
	<u>125,846</u>	<u>126,974</u>	<u>142,605</u>	<u>167,011</u>	<u>171,854</u>

Source	Hong Kong GAAP Limited									
App 16.23 GR 18.23	<p data-bbox="363 241 1098 271">Particulars of major investment properties at 31 December 2012</p> <p data-bbox="363 297 847 327"><i>Completed properties held for investment</i></p> <table border="1" data-bbox="363 349 1348 658"> <thead> <tr> <th data-bbox="363 349 794 383">Location</th> <th data-bbox="794 349 1129 383">Type</th> <th data-bbox="1129 349 1348 383">Lease term</th> </tr> </thead> <tbody> <tr> <td data-bbox="363 405 794 517">Carpark Lot 21, XYZ Plaza, 10 XYZ Road, Hong Kong</td> <td data-bbox="794 405 1129 439">Carpark</td> <td data-bbox="1129 405 1348 439">Medium-term lease</td> </tr> <tr> <td data-bbox="363 539 794 651">Flat 1402, Dragon Garden, 21 Flying Road, Hong Kong</td> <td data-bbox="794 539 1129 573">Commercial</td> <td data-bbox="1129 539 1348 573">Medium-term lease</td> </tr> </tbody> </table>	Location	Type	Lease term	Carpark Lot 21, XYZ Plaza, 10 XYZ Road, Hong Kong	Carpark	Medium-term lease	Flat 1402, Dragon Garden, 21 Flying Road, Hong Kong	Commercial	Medium-term lease
Location	Type	Lease term								
Carpark Lot 21, XYZ Plaza, 10 XYZ Road, Hong Kong	Carpark	Medium-term lease								
Flat 1402, Dragon Garden, 21 Flying Road, Hong Kong	Commercial	Medium-term lease								

Section 3 – Examples of early application of some new and revised HKFRSs

Appendix 1: Early application of the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* (as issued by the HKICPA in July 2011)

In July 2011, the HKICPA issued the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. The amendments are effective for annual periods beginning on or after 1 July 2012, with early application permitted.

This appendix gives you examples of the application of the amendments to HKAS 1.

Key assumptions used in the preparation of this appendix are as follows:

- Hong Kong GAAP Limited is assumed to have early applied the amendments to HKAS 1 in the current year in advance of the effective date.
- The main change resulting from the amendments to HKAS 1 is that there is a requirement to group and present items in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently as reclassification adjustments. This appendix does not include a full set of financial statements; it includes only the statement of profit or loss and other comprehensive income (previously named as the statement of comprehensive income), and certain notes affected by the amendments to HKAS 1. The use of the new terminology is not mandatory. However, if an entity chooses to use the new terminology, the new terminology should be used consistently throughout the entire set of financial statements. Regarding the statement of profit or loss and other comprehensive income, two presentation options are included for illustrative purposes: (a) a single continuous statement presentation method with expenses analysed by function; and (b) two separate but consecutive statements presentation method with expenses analysed by nature.

Note that in this appendix, we have frequently included line items for which a nil amount is shown, so as to illustrate items that, although not applicable to Hong Kong GAAP Limited, are commonly encountered in practice. This does not mean that we have illustrated all possible disclosures. Nor should it be taken to mean that, in practice, entities are required to display line items for such 'nil' amounts.

Section 3 – Appendix 1

Contents

	Page
Consolidated statement of profit or loss and other comprehensive income	
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Notes to the consolidated financial statements	
2 Application of new and revised Hong Kong Financial Reporting Standards (HKFRSs)	163
45 Share premium and reserves	164

Source	Hong Kong GAAP Limited		
HKAS 1.10(b)	Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2012		[Alt 1]
		Year ended 31/12/12 <u>HK\$'000</u>	Year ended 31/12/11 <u>HK\$'000</u>
	Continuing operations		
	Revenue	140,918	151,840
	Cost of sales	<u>(87,897)</u>	<u>(91,840)</u>
	Gross profit	53,021	60,000
	Investment and other income	3,608	2,351
	Other gains and losses	(1,128)	(173)
	Distribution and selling expenses	(11,520)	(10,055)
	Administrative expenses	(9,380)	(13,570)
	Finance costs	(4,178)	(6,313)
	Other expenses	(1,280)	(1,711)
	Share of profits of associates	1,186	1,589
	Gain recognised on disposal of an associate	<u>581</u>	<u>-</u>
	Profit before tax	30,910	32,118
	Income tax expense	<u>(11,642)</u>	<u>(11,836)</u>
	Profit for the year from continuing operations	19,268	20,282
	Discontinued operations		
HKAS 1.82(ea)	Profit for the year from discontinued operations	<u>8,310</u>	<u>9,995</u>
HKAS 1.81A(a)	Profit for the year	<u>27,578</u>	<u>30,277</u>
HKAS 1.91(a)	Other comprehensive income, net of income tax		
HKAS 1.82A(a)	Items that will not be reclassified to profit or loss:		
	Gain on revaluation of properties	-	-
	Share of gain (loss) on property revaluation of associates	-	-
	Others (please describe)	<u>-</u>	<u>-</u>
HKAS 1.82A(b)	Items that may be reclassified subsequently to profit or loss:		
	Exchange differences on translating foreign operations	(191)	177
	Net (loss) gain on revaluation of available-for-sale financial assets	(300)	57
	Net gain on hedging instruments in cash flow hedges	36	36
	Share of exchange differences of associates	-	-
	Others (please describe)	<u>-</u>	<u>-</u>
		<u>(455)</u>	<u>270</u>
HKAS 1.81A(b)	Other comprehensive (expense) income for the year, net of income tax	<u>(455)</u>	<u>270</u>
HKAS 1.81A(c)	Total comprehensive income for the year	<u>27,123</u>	<u>30,547</u>
	Profit attributable to:		
HKAS 1.81B(a)(ii)	Owners of the Company	23,578	27,514
HKAS 1.81B(a)(i)	Non-controlling interests	<u>4,000</u>	<u>2,763</u>
		<u>27,578</u>	<u>30,277</u>
	Total comprehensive income attributable to:		
HKAS 1.81B(b)(ii)	Owners of the Company	23,123	27,784
HKAS 1.81B(b)(i)	Non-controlling interests	<u>4,000</u>	<u>2,763</u>
		<u>27,123</u>	<u>30,547</u>

Source	Hong Kong GAAP Limited																								
	<p>Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2012 – continued [Alt 1] continued</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">Year ended 31/12/12 HK\$'000</th> <th style="text-align: center; border-bottom: 1px solid black;">Year ended 31/12/11 HK\$'000 (restated)</th> </tr> </thead> <tbody> <tr> <td>Earnings per share</td> <td></td> <td></td> </tr> <tr> <td>From continuing and discontinued operations</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Basic (HK cents per share)</td> <td style="text-align: center; border-bottom: 1px solid black;">104.8</td> <td style="text-align: center; border-bottom: 1px solid black;">119.6</td> </tr> <tr> <td style="padding-left: 20px;">Diluted (HK cents per share)</td> <td style="text-align: center; border-bottom: 3px double black;">99.2</td> <td style="text-align: center; border-bottom: 3px double black;">118.8</td> </tr> <tr> <td>From continuing operations</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Basic (HK cents per share)</td> <td style="text-align: center; border-bottom: 1px solid black;">67.9</td> <td style="text-align: center; border-bottom: 1px solid black;">76.2</td> </tr> <tr> <td style="padding-left: 20px;">Diluted (HK cents per share)</td> <td style="text-align: center; border-bottom: 3px double black;">64.3</td> <td style="text-align: center; border-bottom: 3px double black;">75.5</td> </tr> </tbody> </table>		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000 (restated)	Earnings per share			From continuing and discontinued operations			Basic (HK cents per share)	104.8	119.6	Diluted (HK cents per share)	99.2	118.8	From continuing operations			Basic (HK cents per share)	67.9	76.2	Diluted (HK cents per share)	64.3	75.5
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HKAS 1.10A	<p><i>Note: The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Alt 1 above illustrates the presentation of profit or loss and other comprehensive income in one statement with expenses analysed by function. Alt 2 (see following pages) illustrates the presentation of profit or loss and other comprehensive income in two separate but consecutive statements with expenses analysed by nature.</i></p> <p><i>Whichever presentation approach is adopted, the distinction is retained between items recognised in profit or loss and items recognised in other comprehensive income. The objective under both approaches is to arrive at an amount for 'total comprehensive income'. Under the two-statement approach, the separate statement of profit or loss ends at 'profit for the year', and this 'profit for the year' is then the starting point for the statement of profit or loss and other comprehensive income, which is required to be presented immediately following the statement of profit or loss. In addition, the analysis of 'profit for the year' between the amount attributable to the owners of the Company and the amount attributable to non-controlling interests is presented as part of the separate statement of profit or loss.</i></p>																								

Source	Hong Kong GAAP Limited		
HKAS 1.10A	Consolidated statement of profit or loss for the year ended 31 December 2012		[Alt 2]
		Year ended 31/12/12 <u>HK\$'000</u>	Year ended 31/12/11 <u>HK\$'000</u>
	Continuing operations		
	Revenue	140,918	151,840
	Investment and other income	3,608	2,351
	Other gains and losses	(1,128)	(173)
	Changes in inventories of finished goods and work in progress	(7,134)	2,118
	Raw materials and consumables used	(67,625)	(84,037)
	Depreciation and amortisation expenses	(12,412)	(13,878)
	Employee benefits expense	(9,869)	(11,563)
	Finance costs	(4,178)	(6,313)
	Other expenses	(13,037)	(9,816)
	Share of profits of associates	1,186	1,589
	Gain recognised on disposal of an associate	581	-
	Profit before tax	30,910	32,118
	Income tax expense	<u>(11,642)</u>	<u>(11,836)</u>
	Profit for the year from continuing operations	19,268	20,282
	Discontinued operations		
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HKAS 1.81A(a)	Profit for the year	<u>27,578</u>	<u>30,277</u>
	Attributable to:		
HKAS 1.81B(a)(ii)	Owners of the Company	23,578	27,514
HKAS 1.81B(a)(i)	Non-controlling interests	<u>4,000</u>	<u>2,763</u>
		<u>27,578</u>	<u>30,277</u>
	Earnings per share		
	From continuing and discontinued operations		
	Basic (cents per share)	<u>104.8</u>	<u>119.6</u>
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	Basic (cents per share)	<u>67.9</u>	<u>76.2</u>
	Diluted (cents per share)	<u>64.3</u>	<u>75.5</u>
	<i>Note: The format outlined above aggregates expenses according to their nature.</i>		
	<i>See the previous page for a discussion of the format of the statement of profit or loss and other comprehensive income. Note that where the two-statement approach is adopted (above and on the next page), as required by HKAS 1.10A, the statement of profit or loss must be displayed immediately before the statement presenting comprehensive income which shall begin with profit or loss.</i>		

Section 3 – Appendix 1

Source	Hong Kong GAAP Limited		
HKAS 1.10A	Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2012	[Alt 2] continued	
		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000
HKAS 1.10A	Profit for the year	27,578	30,277
	Other comprehensive income		
HKAS 1.82A(a)	Items that will not be reclassified to profit or loss:		
	Gain on revaluation of properties	-	-
	Share of gain (loss) on property revaluation of associates	-	-
	Others (please describe)	-	-
HKAS 1.91(b)	Income tax	-	-
		<u>-</u>	<u>-</u>
HKAS 1.82A(b)	Items that may be reclassified subsequently to profit or loss:		
	Exchange differences on translating foreign operations		
	Exchange differences arising during the year	(71)	177
	Reclassification adjustments relating to foreign operations disposed of during the year	(120)	-
		<u>(191)</u>	<u>177</u>
	Available-for-sale financial assets		
	Net (loss) gain arising on revaluation of available-for-sale financial assets during the year	(400)	76
	Reclassification upon impairment	-	-
	Reclassification adjustments relating to available-for-sale financial assets disposed of during the year	-	-
		<u>(400)</u>	<u>76</u>
	Cash flow hedges		
	Gains arising during the year	406	316
	Reclassification adjustments for amounts recognised in profit or loss	(355)	(287)
		<u>51</u>	<u>29</u>
	Others (please describe)	-	-
HKAS 1.91(b)	Income tax	85	(12)
HKAS 1.81A(b)	Other comprehensive (expense) income for the year, net of income tax	<u>(455)</u>	<u>270</u>
HKAS 1.81A(c)	Total comprehensive income for the year	<u>27,123</u>	<u>30,547</u>
	Total comprehensive income attributable to:		
HKAS 1.81B(b)(ii)	Owners of the Company	23,123	27,784
HKAS 1.81B(b)(i)	Non-controlling interests	4,000	2,763
		<u>27,123</u>	<u>30,547</u>

Source	Hong Kong GAAP Limited
HKAS 8.28	<p data-bbox="363 248 900 304">Notes to the consolidated financial statements for the year ended 31 December 2012</p> <p data-bbox="363 331 1362 360">2. Application of new and revised Hong Kong Financial Reporting Standards (HKFRSs)</p> <p data-bbox="363 387 1436 488"><i>Note: The note below gives examples of the application of the amendments to HKAS 1. Regarding impact of other new and revised standards, please refer to section 2 of this publication and other appendices.</i></p>
	<p data-bbox="363 528 1342 557">Amendments to HKAS 1 titled <i>Presentation of Items of Other Comprehensive Income</i></p> <p data-bbox="363 584 1449 1088">The Group has applied the amendments to HKAS 1 <i>Presentation of Items of Other Comprehensive Income</i> in advance of the effective date (annual periods beginning on or after 1 July 2012). The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the '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 additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.</p>

Source	Hong Kong GAAP Limited									
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued									
	45. Share premium and reserves									
	<i>Share premium and reserves</i>	<table border="0"> <tr> <td style="text-align: right;">31/12/12</td> <td style="text-align: right;">31/12/11</td> </tr> <tr> <td style="text-align: right;">HK\$'000</td> <td style="text-align: right;">HK\$'000</td> </tr> </table>	31/12/12	31/12/11	HK\$'000	HK\$'000				
31/12/12	31/12/11									
HK\$'000	HK\$'000									
	Share premium	15,427 26,474								
	Investments revaluation reserve	227 527								
	Share options reserve	179 246								
	Cash flow hedging reserve	314 278								
	Foreign currency translation reserve	126 317								
	Convertible notes equity reserve	626 -								
	Retained earnings	111,625 94,964								
	Others [please describe]	- -								
		<u>128,524</u> <u>122,806</u>								
	<i>Share premium</i>	<table border="0"> <tr> <td style="text-align: right;">Year</td> <td style="text-align: right;">Year</td> </tr> <tr> <td style="text-align: right;">ended</td> <td style="text-align: right;">ended</td> </tr> <tr> <td style="text-align: right;">31/12/12</td> <td style="text-align: right;">31/12/11</td> </tr> <tr> <td style="text-align: right;">HK\$'000</td> <td style="text-align: right;">HK\$'000</td> </tr> </table>	Year	Year	ended	ended	31/12/12	31/12/11	HK\$'000	HK\$'000
Year	Year									
ended	ended									
31/12/12	31/12/11									
HK\$'000	HK\$'000									
	Balance at beginning of year	26,474 26,474								
	Transaction costs attributable to issue of new ordinary shares	(6) -								
	Issue of ordinary shares upon exercise of share options	433 -								
	Repurchase of ordinary shares	(11,247) -								
	Transaction costs attributable to repurchase of ordinary shares	(227) -								
	Balance at end of year	<u>15,427</u> <u>26,474</u>								

Source	Hong Kong GAAP Limited																																																												
	<p>Notes to the consolidated financial statements For the year ended 31 December 2012 - continued</p> <p><i>Investments revaluation reserve</i></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">Year ended 31/12/12 HK\$'000</th> <th style="text-align: right;">Year ended 31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Balance at beginning of year</td> <td style="text-align: right;">527</td> <td style="text-align: right;">470</td> </tr> <tr> <td>Net (loss)/gain arising on revaluation of available-for-sale investments</td> <td style="text-align: right;">(400)</td> <td style="text-align: right;">76</td> </tr> <tr> <td>Income tax relating to (loss)/gain arising on revaluation of available-for-sale investments</td> <td style="text-align: right;">100</td> <td style="text-align: right;">(19)</td> </tr> <tr> <td>Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale investments</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Cumulative loss reclassified to profit or loss on impairment of available-for-sale investments</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Balance at end of year</td> <td style="text-align: right;"><u>227</u></td> <td style="text-align: right;"><u>527</u></td> </tr> </tbody> </table> <p>HKAS 1.82A The investments revaluation reserve represents cumulative gains and losses arising on the revaluation of available-for-sale investments that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those investments are disposed of or are determined to be impaired.</p> <p><i>Share options reserve</i></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">Year ended 31/12/12 HK\$'000</th> <th style="text-align: right;">Year ended 31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Balance at beginning of year</td> <td style="text-align: right;">246</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Recognition of equity-settled share-based payments</td> <td style="text-align: right;">218</td> <td style="text-align: right;">246</td> </tr> <tr> <td>Issue of ordinary shares upon exercise of share options</td> <td style="text-align: right;">(285)</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Balance at end of year</td> <td style="text-align: right;"><u>179</u></td> <td style="text-align: right;"><u>246</u></td> </tr> </tbody> </table> <p>HKAS 1.82A The share options reserve relates to share options granted to employees under the Company's employee share option plan. Items included in share options reserve will not be reclassified subsequently to profit or loss. Further information about share-based payments to employees is set out in note 47.1.</p> <p><i>Cash flow hedging reserve</i></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">Year ended 31/12/12 HK\$'000</th> <th style="text-align: right;">Year ended 31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Balance at beginning of year</td> <td style="text-align: right;">278</td> <td style="text-align: right;">242</td> </tr> <tr> <td>Gain recognised in relation to cash flow hedges</td> <td style="text-align: right;">406</td> <td style="text-align: right;">316</td> </tr> <tr> <td>Income tax relating to gains recognised in other comprehensive income</td> <td style="text-align: right;">(101)</td> <td style="text-align: right;">(79)</td> </tr> <tr> <td>Reclassified to profit or loss</td> <td style="text-align: right;">(355)</td> <td style="text-align: right;">(287)</td> </tr> <tr> <td>Income tax relating to amounts reclassified to profit or loss</td> <td style="text-align: right;">86</td> <td style="text-align: right;">86</td> </tr> <tr> <td>Others [please describe]</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Balance at end of year</td> <td style="text-align: right;"><u>314</u></td> <td style="text-align: right;"><u>278</u></td> </tr> </tbody> </table> <p>HKAS 1.82A The cash flow hedging reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain and loss arising on changes in fair value of the hedging instrument that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.</p>		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000	Balance at beginning of year	527	470	Net (loss)/gain arising on revaluation of available-for-sale investments	(400)	76	Income tax relating to (loss)/gain arising on revaluation of available-for-sale investments	100	(19)	Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale investments	-	-	Cumulative loss reclassified to profit or loss on impairment of available-for-sale investments	-	-	Balance at end of year	<u>227</u>	<u>527</u>		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000	Balance at beginning of year	246	-	Recognition of equity-settled share-based payments	218	246	Issue of ordinary shares upon exercise of share options	(285)	-	Balance at end of year	<u>179</u>	<u>246</u>		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000	Balance at beginning of year	278	242	Gain recognised in relation to cash flow hedges	406	316	Income tax relating to gains recognised in other comprehensive income	(101)	(79)	Reclassified to profit or loss	(355)	(287)	Income tax relating to amounts reclassified to profit or loss	86	86	Others [please describe]	-	-	Balance at end of year	<u>314</u>	<u>278</u>
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Reclassified to profit or loss	(355)	(287)																																																											
Income tax relating to amounts reclassified to profit or loss	86	86																																																											
Others [please describe]	-	-																																																											
Balance at end of year	<u>314</u>	<u>278</u>																																																											

Source	Hong Kong GAAP Limited																																																												
	<p>Notes to the consolidated financial statements For the year ended 31 December 2012 - continued</p> <p>Cumulative gains and losses arising on changes in fair value of hedging instruments reclassified from equity into profit or loss during the year are included in the following line items in the consolidated [statement of profit or loss and other comprehensive income/statement of profit or loss]:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">Year ended 31/12/12 HK\$'000</th> <th style="text-align: right;">Year ended 31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Increase in revenue</td> <td style="text-align: right;">(355)</td> <td style="text-align: right;">(287)</td> </tr> <tr> <td>Increase in income tax expense</td> <td style="text-align: right;">86</td> <td style="text-align: right;">86</td> </tr> <tr> <td>Others [please describe]</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">(269)</td> <td style="text-align: right; border-top: 1px solid black;">(201)</td> </tr> </tbody> </table> <p>Foreign currency translation reserve</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">Year ended 31/12/12 HK\$'000</th> <th style="text-align: right;">Year ended 31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td colspan="3">Items that will not be reclassified subsequently to profit or loss:</td> </tr> <tr> <td>Balance at beginning of year</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Exchange differences arising on translating to presentation currency</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Other (please describe)</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">-</td> <td style="text-align: right; border-top: 1px solid black;">-</td> </tr> <tr> <td colspan="3">Items that may be reclassified subsequently to profit or loss:</td> </tr> <tr> <td>Balance at beginning of year</td> <td style="text-align: right;">317</td> <td style="text-align: right;">140</td> </tr> <tr> <td>Exchange differences arising on translating the net assets of foreign operations</td> <td style="text-align: right;">(71)</td> <td style="text-align: right;">177</td> </tr> <tr> <td>Income tax relating to exchange differences arising on translating the net assets of foreign operations</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Reclassified to profit or loss on disposal of foreign operations</td> <td style="text-align: right;">(120)</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Income tax relating to amounts reclassified to profit or loss on disposal of foreign operations</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Other (please describe)</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">-</td> <td style="text-align: right; border-top: 1px solid black;">-</td> </tr> <tr> <td>Balance at end of year</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">126</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">317</td> </tr> </tbody> </table>		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000	Increase in revenue	(355)	(287)	Increase in income tax expense	86	86	Others [please describe]	-	-		(269)	(201)		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000	Items that will not be reclassified subsequently to profit or loss:			Balance at beginning of year	-	-	Exchange differences arising on translating to presentation currency	-	-	Other (please describe)	-	-		-	-	Items that may be reclassified subsequently to profit or loss:			Balance at beginning of year	317	140	Exchange differences arising on translating the net assets of foreign operations	(71)	177	Income tax relating to exchange differences arising on translating the net assets of foreign operations	-	-	Reclassified to profit or loss on disposal of foreign operations	(120)	-	Income tax relating to amounts reclassified to profit or loss on disposal of foreign operations	-	-	Other (please describe)	-	-		-	-	Balance at end of year	126	317
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Section 3 – Examples of early application of some new and revised HKFRSs

Appendix 2: Early application of HKFRSs 10, 11 and 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011) (as issued by the HKICPA in June 2011)

In June 2011, the HKICPA issued a package of five standards on consolidation, joint arrangements, associates and disclosures, including HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosures of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*.

In July 2012, the HKICPA issued the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* to clarify certain transitional guidance on the application of these HKFRSs for the first time.

The above five standards together with the amendments relating to the transitional guidance are effective for annual periods beginning on or after 1 January 2013, with early application permitted. However, if an entity wishes to early apply any of the standards, it should apply all five of the standards early at the same time. Entities are encouraged to provide information set out in HKFRS 12 earlier than annual periods beginning on or after 1 January 2013.

This appendix gives you examples of the application of the requirements of these five standards.

Key assumptions used in the preparation of this appendix are as follows:

- Hong Kong GAAP Limited is assumed to have early applied these five standards together with the amendments relating to the transitional guidance in the current year in advance of their effective dates. For illustrative purposes, the application of these five standards has resulted in:
 - a) an investee that was not previously consolidated becoming a subsidiary of the Group, and
 - b) joint arrangements that were previously classified as jointly controlled entities and accounted for using the proportionate consolidation method being classified as joint ventures under the new standard and accounted for using the equity method of accounting.

These changes have resulted in changes in amounts reported in the financial statements (see note 2 for more details).

- These five standards have been applied in accordance with the relevant transitional provisions, including those contained in the amendments to HKFRS 10, HKFRS 11 and HKFRS 12. Amounts for the comparative period are restated where appropriate. As the retrospective restatement has a material effect on the information in the statement of financial position as at the beginning of the preceding period (third statement of financial position) (see HKAS 1.10(f)), the third statement of financial position is included.
- This appendix does not include a full set of financial statements; only the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and certain notes are included. Regarding the statement of comprehensive income, one single statement presentation method is used and expenses are aggregated according to their function. In addition, regarding the statement of cash flows, the indirect method is used to report cash flows from operating activities.
- This appendix does not include separate financial statements for the parent. When an entity presents separate financial statements that comply with HKFRSs, the requirements of HKAS 27 *Separate Financial Statements* (as revised in 2011) will apply. Separate statements of comprehensive income, financial position, changes in equity and cash flows for the parent will generally be required, together with supporting notes.

Note that in this appendix, we have frequently included line items for which a nil amount is shown, so as to illustrate items that, although not applicable to Hong Kong GAAP Limited, are commonly encountered in

Section 3 – Appendix 2

practice. This does not mean that we have illustrated all possible disclosures. Nor should it be taken to mean that, in practice, entities are required to display line items for such 'nil' amounts.

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Source	Hong Kong GAAP Limited			
	Consolidated statement of comprehensive income for the year ended 31 December 2012			
	<u>Notes</u>	Year ended <u>31/12/12</u> HK\$'000	Year ended <u>31/12/11</u> HK\$'000 (restated)	
	Continuing operations			
		140,934	152,075	
		<u>(87,688)</u>	<u>(91,645)</u>	
		53,246	60,430	
		3,633	2,396	
		(1,128)	(173)	
		(11,524)	(10,075)	
		(9,189)	(13,337)	
		(4,178)	(6,313)	
		(1,280)	(1,711)	
HKAS1.82(c)	25	337	242	
	24	866	1,209	
	24	<u>581</u>	<u>-</u>	
		31,364	32,668	
		<u>(11,704)</u>	<u>(11,922)</u>	
		19,660	20,746	
	Discontinued operations			
		<u>8,310</u>	<u>9,995</u>	
		<u>27,970</u>	<u>30,741</u>	
	Other comprehensive income, net of income tax			
		(191)	177	
		(300)	57	
		36	36	
		<u>-</u>	<u>-</u>	
		<u>(455)</u>	<u>270</u>	
		<u>27,515</u>	<u>31,011</u>	
	Profit attributable to:			
		23,578	27,514	
		<u>4,392</u>	<u>3,227</u>	
		<u>27,970</u>	<u>30,741</u>	
	Total comprehensive income attributable to:			
		23,123	27,784	
		<u>4,392</u>	<u>3,227</u>	
		<u>27,515</u>	<u>31,011</u>	

Source	Hong Kong GAAP Limited			
	Consolidated statement of comprehensive income for the year ended 31 December 2012 - continued			
		Note	Year ended 31/12/12	Year ended 31/12/11 (restated)
	Earnings per share	17		
	From continuing and discontinued operations			
	Basic (cents per share)		<u>104.8</u>	<u>119.6</u>
	Diluted (cents per share)		<u>99.2</u>	<u>118.8</u>
	From continuing operations			
	Basic (cents per share)		<u>67.9</u>	<u>76.2</u>
	Diluted (cents per share)		<u>64.3</u>	<u>75.5</u>
	<i>Note: The above illustrates the presentation of comprehensive income in one statement. The expenses above are aggregated according to their function.</i>			

Source	Hong Kong GAAP Limited			
	Consolidated statement of financial position at 31 December 2012			
	Notes	31/12/12 HK\$'000	31/12/11 HK\$'000 (restated)	01/01/11 HK\$'000 (restated)
	Non-current assets			
		107,015	133,674	160,657
		2,300	2,400	2,500
		2,086	1,942	1,670
		20,485	24,260	24,120
		9,739	11,325	12,523
	24	5,319	5,590	4,406
HKAS1.54(e)	25	3,999	3,662	3,420
		2,059	1,658	1,212
		5,600	4,857	3,403
		1,714	1,023	1,726
		830	717	739
		212	140	135
		161,358	191,248	216,511
	Current assets			
		19,014	20,088	24,352
		20,615	13,878	11,515
		198	188	182
		656	107	82
		240	230	220
		4,804	3,604	2,200
		12,480	8,448	6,201
		2,000	2,000	2,000
		316	257	201
		125	60	81
		21,486	22,888	7,882
		81,934	71,748	54,916
		22,336	-	-
		104,270	71,748	54,916
	Current liabilities			
		11,373	19,690	52,369
		36	15	12
		22,446	25,600	33,618
		2,798	-	-
		116	18	-
		5,328	5,927	4,990
		3,356	3,195	2,235
		355	240	63
		9	54	72
		538	378	312
		46,355	55,117	93,671
		3,684	-	-
		50,039	55,117	93,671
		54,231	16,631	(38,755)
		215,589	207,879	177,756

Source	Hong Kong GAAP Limited		
	Consolidated statement of financial position at 31 December 2012 – continued		
	<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000 (restated)	<u>01/01/11</u> HK\$'000 (restated)
Capital and reserves			
Share capital	17,819	23,005	23,005
Share premium and reserves	<u>128,524</u>	<u>122,806</u>	<u>101,163</u>
Equity attributable to owners of the Company	146,343	145,811	124,168
Non-controlling interests	<u>27,956</u>	<u>23,253</u>	<u>20,026</u>
Total equity	<u>174,299</u>	<u>169,064</u>	<u>144,194</u>
Non-current liabilities			
Borrowings	26,870	27,792	24,301
Loan from government	-	2,610	-
Convertible notes	4,144	-	-
Retirement benefit obligations	1,695	1,195	739
Deferred tax liabilities	6,183	4,655	4,328
Provisions	2,294	2,231	4,102
Deferred revenue	24	297	41
Obligations under finance leases	5	35	51
Other financial liabilities	<u>75</u>	<u>-</u>	<u>-</u>
	<u>41,290</u>	<u>38,815</u>	<u>33,562</u>
	<u>215,589</u>	<u>207,879</u>	<u>177,756</u>

Section 3 – Appendix 2

Source Hong Kong GAAP Limited

**Consolidated statement of changes in equity
for the year ended 31 December 2012**

	Attributable to owners of the Company									Attributable to non-controlling interests HK\$'000	Total HK\$'000
	Share capital	Share premium	Investments revaluation reserve	Share options reserve	Cash flow hedging reserve	Foreign currency translation reserve	Convertible notes equity reserve	Retained earnings	Subtotal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Balance at 1 January 2011	23,005	26,474	470	-	242	140	-	73,837	124,168	18,437	142,605
Adjustments (note 2)	-	-	-	-	-	-	-	-	-	1,589	1,589
Balance at 1 January 2011 (restated)	23,005	26,474	470	-	242	140	-	73,837	124,168	20,026	144,194
Profit for the year	-	-	-	-	-	-	-	27,514	27,514	3,227	30,741
Other comprehensive income for the year	-	-	57	-	36	177	-	-	270	-	270
Total comprehensive income for the year	-	-	57	-	36	177	-	27,514	27,784	3,227	31,011
Recognition of equity-settled share-based payments	-	-	-	246	-	-	-	-	246	-	246
Payment of dividends	-	-	-	-	-	-	-	(6,387)	(6,387)	-	(6,387)
Balance at 31 December 2011 (restated)	23,005	26,474	527	246	278	317	-	94,964	145,811	23,253	169,064
Profit for the year	-	-	-	-	-	-	-	23,578	23,578	4,392	27,970
Other comprehensive income (expense) for the year	-	-	(300)	-	36	(191)	-	-	(455)	-	(455)
Total comprehensive income (expense) for the year	-	-	(300)	-	36	(191)	-	23,578	23,123	4,392	27,515
Non-controlling interests arising on the acquisition of Subsix Limited	-	-	-	-	-	-	-	-	-	132	132
Additional non-controlling interests arising on disposal of interest in Subone Limited (see note 59)	-	-	-	-	-	-	-	-	-	179	179
Difference arising on disposal of interest in Subone Limited	-	-	-	-	-	-	-	34	34	-	34
Recognition of equity-settled share-based payments	-	-	-	218	-	-	-	-	218	-	218
Issue of ordinary shares under employee share option plan	314	433	-	(285)	-	-	-	-	462	-	462
Recognition of the equity component of convertible notes	-	-	-	-	-	-	834	-	834	-	834
Transaction costs attributable to issue of new ordinary shares	-	(6)	-	-	-	-	-	-	(6)	-	(6)
Repurchase of ordinary shares	(5,500)	(11,247)	-	-	-	-	-	(555)	(17,302)	-	(17,302)
Transaction costs attributable to repurchase of ordinary shares	-	(227)	-	-	-	-	-	-	(227)	-	(227)
Income tax relating to transactions with owners	-	-	-	-	-	-	(208)	-	(208)	-	(208)
Payment of dividends	-	-	-	-	-	-	-	(6,396)	(6,396)	-	(6,396)
Balance at 31 December 2012	17,819	15,427	227	179	314	126	626	111,625	146,343	27,956	174,299

Source	Hong Kong GAAP Limited	
	Consolidated statement of cash flows for the year ended 31 December 2012	
	Year ended 31/12/12 <u>HK\$'000</u>	Year ended 31/12/11 <u>HK\$'000</u> (restated)
	Cash flows from operating activities	
Profit for the year	27,970	30,741
Adjustments for:		
Income tax expense recognised in profit or loss	14,713	14,920
Share of profits of associates	(866)	(1,209)
Share of profits of jointly controlled entities	(337)	(242)
Finance costs recognised in profit or loss	4,178	6,313
Investment and other income recognised in profit or loss	(3,633)	(2,396)
Gain on disposal of property, plant and equipment	(6)	(67)
Gain arising on change in fair value of investment properties	(50)	(298)
Gain on disposal of a subsidiary	(1,789)	-
Gain recognised on disposal of an associate	(581)	-
(Gain)/loss on sale of available-for-sale financial assets	-	-
Impairment loss on available-for-sale financial assets	-	-
Impairment loss on trade receivables	63	430
Reversal of impairment loss on trade receivables	(103)	-
Depreciation and amortisation of non-current assets	14,179	17,350
Impairment loss on non-current assets	1,439	-
Net foreign exchange (gain)/loss	(78)	116
Expense recognised in respect of equity-settled share-based payments	218	246
Gain arising on effective settlement of legal claim against Subseven Limited	(40)	-
	<u>55,277</u>	<u>65,904</u>
Movements in working capital		
Increase in trade and other receivables	(8,938)	(2,564)
Decrease / (increase) in amount due from customers for contract work	11	(7)
Decrease in inventories	1,074	4,264
Increase in held-for-trading investments	(4,032)	(2,247)
Decrease in trade and other payables	(3,564)	(31,597)
Increase/(decrease) in provisions	224	(911)
(Decrease)/increase in deferred revenue	(158)	433
	<u>39,894</u>	<u>33,275</u>
Cash generated from operations		
Interest paid	(3,945)	(6,340)
Income taxes paid	(13,185)	(12,902)
	<u>22,764</u>	<u>14,033</u>
Net cash generated by operating activities		

Source	Hong Kong GAAP Limited		
	Consolidated statement of cash flows for the year ended 31 December 2012 - continued		
	<u>Notes</u>	Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000 (restated)
	Cash flows from investing activities		
Purchase of held-to-maturity investments		(5,601)	(4,850)
Redemption of held-to-maturity investments		4,000	3,000
Purchase of available-for-sale investments		(783)	(1,378)
Interest received		2,563	1,153
Other investment income received		889	1,044
Dividends received from associates		113	25
Other dividends received		156	154
Amounts advanced to related parties		(5,637)	(4,311)
Repayments by related parties		5,088	4,286
Payments for property, plant and equipment		(19,183)	(11,252)
Proceeds from disposal of property, plant and equipment		10,262	21,245
Payments for investment properties		(100)	(32)
Proceeds from disposal of investment properties		-	58
Payments for intangible assets		(6)	(358)
(Additions)/repayments of finance lease receivables		(123)	16
Net cash outflow on acquisition of subsidiaries		(877)	-
Net cash inflow on disposal of a subsidiary		7,566	-
		<u>(1,673)</u>	<u>8,800</u>
	Cash flows from financing activities		
Proceeds from issue of equity shares		462	-
Proceeds from issue of convertible notes		4,950	-
Payment for transaction costs attributable to issue of new ordinary shares		(6)	-
Payment for repurchase of ordinary shares		(17,302)	-
Payment for transaction costs attributable to repurchase of ordinary shares		(227)	-
Proceeds from borrowings		20,122	26,798
Repayment of borrowings		(24,198)	(31,325)
Proceeds from a government loan		-	3,000
Proceeds on disposal of partial interest in a subsidiary (without losing control)		213	-
Repayment of obligations under finance leases		(75)	(34)
Dividends paid to owners of the Company		(6,396)	(6,387)
		<u>(22,457)</u>	<u>(7,948)</u>
		(1,366)	14,885
		22,510	7,570
Effects of exchange rate changes on the balance of cash held in foreign currencies		(21)	55
		<u>21,123</u>	<u>22,510</u>
<i>Note: The above illustrates the indirect method of reporting cash flows from operating activities.</i>			

Source	Hong Kong GAAP Limited
HKAS 8.28	<p data-bbox="363 248 900 304">Notes to the consolidated financial statements for the year ended 31 December 2012</p> <p data-bbox="363 331 1362 360">2. Application of new and revised Hong Kong Financial Reporting Standards (HKFRSs)</p> <p data-bbox="363 405 1455 568"><i>Note: The note below gives an example of the impact of the application of HKFRSs 10, 11 and 12, HKAS 28 (as revised in 2011) as well as the amendments to HKFRSs 10, 11 and 12 regarding transitional guidance on the first-time application of these standards. HKAS 27 (as revised in 2011) is not applicable as the model financial statements illustrate consolidated financial statements (not separate financial statements). Regarding impact of other new and revised Standards, please refer to Section 2 of this publication and other appendices.</i></p> <p data-bbox="363 611 1414 667">Application of new and revised Standards on consolidation, joint arrangements, associates and disclosures</p> <p data-bbox="363 696 1461 887">In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures were issued including HKFRS 10 <i>Consolidated Financial Statements</i>, HKFRS 11 <i>Joint Arrangements</i>, HKFRS 12 <i>Disclosures of Interests in Other Entities</i>, HKAS 27 (as revised in 2011) <i>Separate Financial Statements</i> and HKAS 28 (as revised in 2011) <i>Investments in Associates and Joint Ventures</i>. Subsequent to the issue of the above standards, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued in July 2012 to clarify certain transitional guidance on the first-time application of the above standards.</p> <p data-bbox="363 916 1455 994">In the current year, the Group has applied these five standards together with the amendments relating to the transitional guidance in advance of their effective dates (annual periods beginning on or after 1 January 2013).</p> <p data-bbox="363 1023 1058 1052">The impact of the application of these standards is set out below.</p> <p data-bbox="363 1081 807 1111">Impact of the application of HKFRS 10</p> <p data-bbox="363 1140 1455 1603">HKFRS 10 replaces the parts of HKAS 27 <i>Consolidated and Separate Financial Statements</i> that deal with consolidated financial statements and HK(SIC)-Int 12 <i>Consolidation – Special Purpose Entities</i>. HKFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in HKFRS 10, all of the three criteria, including (a) an investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns, must be met. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Much more guidance has been included in HKFRS 10 to explain when an investor has control over an investee. In particular, detailed guidance has been established in HKFRS 10 to explain when an investor that owns less than 50% of the voting shares in an investee has control over the investee. For example, in assessing whether or not an investor with less than a majority of the voting rights in an investee has a sufficiently dominant voting interest to meet the power criterion, HKFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly, the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.</p> <p data-bbox="363 1606 1455 1796">The application of HKFRS 10 has affected the accounting for the Group's 45% ownership interest in C Plus Limited. C Plus Limited is listed on the stock exchange of C Land. As at 31 December 2012, the Group owns 45% of the ordinary shares of C Plus Limited and holds the same per cent of the voting rights in C Plus Limited. The Group's 45% ownership interest in C Plus Limited was acquired in June 2010 and there has been no change in the Group's ownership in C Plus Limited since then. The remaining 55% of the ordinary shares of C Plus Limited are owned by thousands of shareholders, none individually holding more than two per cent.</p> <p data-bbox="363 1825 1455 2040">The directors assessed whether or not the Group has control over C Plus Limited in accordance with the new definition of control and the related guidance set out in HKFRS 10. After assessment, the directors concluded that it has had control over C Plus Limited since the acquisition in June 2010 on the basis of the Group's absolute size of holding in C Plus Limited and the relative size of and dispersion of the shareholdings owned by the other shareholders. Therefore, in accordance with the requirements of HKFRS 10, C Plus Limited has been a subsidiary of the Company since June 2010. Previously, C Plus Limited was treated as an associate of the Group and accounted for using the equity method of accounting.</p>

Source	Hong Kong GAAP Limited
HKFRS 10.C4(a)	<p data-bbox="354 248 935 302">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="354 331 1461 465">The change in accounting of the Group's investment in C Plus Limited has been applied in accordance with the relevant transitional provisions as if the acquisition of the 45% ownership interest in C Plus Limited had been accounted for in accordance with HKFRS 3 at the date of acquisition. Such a change in accounting has affected the amounts reported in the Group's consolidated financial statements (see the tables below).</p> <p data-bbox="354 495 804 524">Impact of the application of HKFRS 11</p> <p data-bbox="354 553 1461 965">HKFRS 11 replaces HKAS 31 <i>Interests in Joint Ventures</i> and HK(SIC)-Int 13 <i>Jointly Controlled Entities – Non-Monetary Contributions by Venturers</i>. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 <i>Interests in Joint Ventures</i> had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).</p> <p data-bbox="354 994 1461 1128">The subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises and measures the assets and liabilities (and the related revenues and expenses) in relation to its interest in the arrangement in accordance with the applicable Standards.</p> <p data-bbox="354 1158 1461 1350">Upon the application of HKFRS 11, the directors reviewed and assessed the legal form and terms of the contractual arrangements in relation to the Group's investments in joint arrangements. The application of HKFRS 11 has changed the classification and subsequent accounting of the Group's investments in A JV Limited and B JV Limited, which were classified as jointly controlled entities under the previous standard and were accounted for using the proportionate consolidation method. Under HKFRS 11, A JV Limited and B JV Limited are treated as the Group's joint ventures and are required to be accounted for using the equity method.</p>
HKFRS 11.C2	<p data-bbox="354 1379 1461 1543">The change in accounting of the Group's investments in A JV Limited and B JV Limited has been applied in accordance with the relevant transitional provisions. The initial investment as at 1 January 2011 for the purposes of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated. Such a change in accounting has affected the amounts reported in the Group's consolidated financial statements (see the tables below).</p> <p data-bbox="354 1572 804 1601">Impact of the application of HKFRS 12</p> <p data-bbox="354 1630 1461 1709">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 application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.</p>
HKFRS 10.C2A, C2B HKFRS 11.C1B	<p data-bbox="354 1738 1461 1816">To show the effect of the initial application of the above standards and amendments, the Group has only presented the quantitative information required by paragraph 28(f) of HKAS 8 for the annual period immediately preceding the date of initial application of HKFRS 10, which is 1 January 2012.</p>

Source	Hong Kong GAAP Limited	
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued	
HKAS 8.28(f)(i)	<i>Impact on profit (loss) for the year of the application of HKFRS 10</i>	Year ended 31/12/11 <u>HK\$'000</u>
	Increase in revenue	2,240
	Increase in cost of sales	(1,105)
	Increase in investment income	45
	Increase in distribution expenses	(120)
	Increase in administration expenses	(106)
	Increase in income tax expenses	(110)
	Decrease in share of profits of associates	<u>(380)</u>
	Increase (decrease) in profit for the year	<u>464</u>
	Increase (decrease) in profit for the year attributable to:	
	Owners of the Company	-
	Non-controlling interests	<u>464</u>
		<u>464</u>
HKAS 8.28(f)(i)	<i>Impact on profit (loss) for the year of the application of HKFRS 11</i>	Year ended 31/12/11 <u>HK\$'000</u>
	Decrease in revenue	(2,005)
	Decrease in cost of sales	1,300
	Decrease in distribution expenses	100
	Decrease in administration expenses	339
	Decrease in income tax expenses	24
	Increase in share of profits of a joint venture	<u>242</u>
	Increase (decrease) in profit for the year	<u>-</u>
	Increase (decrease) in profit for the year attributable to:	
	Owners of the Company	-
	Non-controlling interests	<u>-</u>
		<u>-</u>
HKAS 8.28(f)(i)	<i>Impact on profit (loss) for the year of the application of the above new and revised Standards</i>	Year ended 31/12/11 <u>HK\$'000</u>
	Increase in revenue	235
	Decrease in cost of sales	195
	Increase in investment income	45
	Increase in distribution expenses	(20)
	Decrease in administration expenses	233
	Increase in income tax expenses	(86)
	Increase in share of profits of a joint venture	242
	Decrease in share of profits of associates	<u>(380)</u>
	Increase (decrease) in profit for the year	<u>464</u>
	Increase (decrease) in profit for the year attributable to:	
	Owners of the Company	-
	Non-controlling interests	<u>464</u>
		<u>464</u>

Section 3 – Appendix 2

Source	Hong Kong GAAP Limited				
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued				
HKAS 8.28(f)(i) HKFRS 11.C5	Impact on net assets and equity as at 1 January 2011 of the application of the above new and revised Standards	As at 01/01/11 as previously reported <u>HK\$'000</u>	HKFRS 10 adjustments <u>HK\$'000</u>	HKFRS 11 adjustments <u>HK\$'000</u>	As at 01/01/11 as restated <u>HK\$'000</u>
	Increase (decrease) in property, plant and equipment	164,503	2,908	(6,754)	160,657
	Increase in goodwill	23,920	200	-	24,120
	Decrease in investments in associates	5,706	(1,300)	-	4,406
	Increase in investments in a joint venture	-	-	3,420	3,420
	Increase (decrease) in inventories	25,112	240	(1,000)	24,352
	Increase (decrease) in trade and other receivables	12,357	350	(1,192)	11,515
	Increase in cash and bank balances	7,582	300	-	7,882
	(Increase) decrease in borrowings – non-current	(28,014)	(500)	4,213	(24,301)
	(Increase) decrease in deferred tax liabilities	(4,319)	(209)	200	(4,328)
	(Increase) decrease in trade and other payables	(53,162)	(300)	1,093	(52,369)
	(Increase) decrease in current tax liabilities	(4,910)	(100)	20	(4,990)
	Increase in net assets	<u>142,605</u>	<u>1,589</u>	<u>-</u>	<u>144,194</u>
	Increase in non-controlling interests	<u>(18,437)</u>	<u>(1,589)</u>	<u>-</u>	<u>(20,026)</u>
	Increase on total equity	<u>(142,605)</u>	<u>(1,589)</u>	<u>-</u>	<u>(144,194)</u>
HKAS 8.28(f)(i)	Impact on net assets and equity as at 31 December 2011 of the application of the above new and revised Standards	As at 31/12/11 as previously reported <u>HK\$'000</u>	HKFRS 10 adjustments <u>HK\$'000</u>	HKFRS 11 adjustments <u>HK\$'000</u>	As at 31/12/11 as restated <u>HK\$'000</u>
	Increase (decrease) in property, plant and equipment	137,211	3,317	(6,854)	133,674
	Increase in goodwill	24,060	200	-	24,260
	Decrease in investments in associates	7,270	(1,680)	-	5,590
	Increase in investments in a joint venture	-	-	3,662	3,662
	Increase (decrease) in inventories	20,938	250	(1,100)	20,088
	Increase (decrease) in trade and other receivables	14,792	320	(1,234)	13,878
	Increase in cash and bank balances	22,388	500	-	22,888
	(Increase) decrease in borrowings – non-current	(31,713)	(380)	4,301	(27,792)
	(Increase) decrease in deferred tax liabilities	(4,667)	(208)	220	(4,655)
	(Increase) decrease in trade and other payables	(20,488)	(186)	984	(19,690)
	(Increase) decrease in current tax liabilities	(5,868)	(80)	21	(5,927)
	Increase in net assets	<u>167,011</u>	<u>2,053</u>	<u>-</u>	<u>169,064</u>
	Increase in non-controlling interests	<u>(21,200)</u>	<u>(2,053)</u>	<u>-</u>	<u>(23,253)</u>
	Increase on total equity	<u>(167,011)</u>	<u>(2,053)</u>	<u>-</u>	<u>(169,064)</u>

Source	Hong Kong GAAP Limited			
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued			
HKAS 8.28(f)(i)	Impact on cash flows for the year ended 31 December 2011 of the application of the above new and revised Standards	<u>HKFRS 10 adjustments</u> HK\$'000	<u>HKFRS 11 adjustments</u> HK\$'000	<u>Total</u> HK\$'000
	Net cash inflow (outflow) from operating activities	359	(251)	108
	Net cash inflow (outflow) from investing activities	(600)	900	300
	Net cash inflow (outflow) from financing activities	<u>(120)</u>	<u>(88)</u>	<u>(208)</u>
	Net cash inflow (outflow)	<u>(361)</u>	<u>561</u>	<u>200</u>

Source	Hong Kong GAAP Limited
HKAS 1.112(a), 117	<p data-bbox="354 241 1452 297">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="354 331 1452 365">3. Significant accounting policies</p> <p data-bbox="354 398 1452 499"><i>Note: The note below only illustrates accounting policies regarding basis of consolidation, investments in associates, investments in joint arrangements, non-current assets classified held for sale and foreign currencies.</i></p> <p data-bbox="354 533 1452 566"><i>Basis of consolidation</i></p> <p data-bbox="354 589 1452 723">The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company (its subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all the following:</p> <ul data-bbox="354 745 1452 925" style="list-style-type: none"> • power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); • exposure, or rights, to variable returns from its involvement with the investee; and • the ability to use its power over the investee to affect its returns. <p data-bbox="354 947 1452 1081">When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:</p> <ul data-bbox="354 1104 1452 1395" style="list-style-type: none"> • the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; • potential voting rights held by the Company, other vote holders or other parties; • rights arising from other contractual arrangements; and • any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings. <p data-bbox="354 1417 1452 1473">The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.</p> <p data-bbox="354 1496 1452 1641">Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.</p> <p data-bbox="354 1664 1452 1776">Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries 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.</p> <p data-bbox="354 1798 1452 1854">When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.</p> <p data-bbox="354 1877 1452 1933">All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.</p>

Source

Hong Kong GAAP Limited

**Notes to the consolidated financial statements
for the year ended 31 December 2012 – continued**

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.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. 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 relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). 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 HKFRS 9 *Financial Instruments*, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Source	Hong Kong GAAP Limited
	<p data-bbox="363 248 938 304">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="363 331 1449 745">The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture or when the investment (or a portion of the investment) meets the criteria to be classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.</p> <p data-bbox="363 772 1393 857">The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.</p> <p data-bbox="363 884 1441 1021">When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.</p> <p data-bbox="363 1048 1430 1155">When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.</p> <p data-bbox="363 1182 727 1211"><i>Investments in joint operations</i></p> <p data-bbox="363 1238 1449 1352">A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.</p> <p data-bbox="363 1379 1401 1435">When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:</p> <ul data-bbox="363 1462 1286 1720" style="list-style-type: none"> • its assets, including its share of any assets held jointly; • its liabilities, including its share of any liabilities incurred jointly; • its revenue from the sale of its share of the output arising from the joint operation; • its share of the revenue from the sale of the output by the joint operation; and • its expenses, including its share of any expenses incurred jointly. <p data-bbox="363 1747 1441 1832">The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with HKFRSs applicable to the particular assets, liabilities, revenues and expenses.</p> <p data-bbox="363 1859 1430 1991">When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered conducting the transaction with other parties to the joint operation, profits and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.</p> <p data-bbox="363 2018 1422 2103">When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.</p>

Source

Hong Kong GAAP Limited

**Notes to the consolidated financial statements
for the year ended 31 December 2012 – continued*****Non-current assets held for sale***

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale is accounted for using the equity method until disposal of the portion that is classified as held for sale takes place.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with HKAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each 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 on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see 3.28 below for hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Hong Kong dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Source	Hong Kong GAAP Limited
	<p data-bbox="363 248 938 304">Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p data-bbox="363 331 1442 499">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 partial disposal of an interest in a joint arrangement or an associate of which the retained interest becomes a financial interest 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.</p> <p data-bbox="363 526 1406 689">In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.</p> <p data-bbox="363 716 1398 828">Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.</p>

Source	Hong Kong GAAP Limited																												
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>4. Critical accounting judgements and key sources of estimation uncertainty</p> <p><i>Note: HKFRS 12.7 requires entities to disclose information about significant judgements and assumptions they have made in determining (i) whether they have control of another entity, (ii) whether they have joint control of an arrangement or significant influence over another entity, and (iii) the type of arrangement when the arrangement has been structured through a separate vehicle.</i></p> <p>Critical judgements in applying accounting policies</p> <p>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.</p>																												
HKFRS 12.7(a) HKFRS 12.9(b)	<p><u>Control over C Plus Limited</u></p> <p>Note 59 describes that C Plus Limited is a subsidiary of the Group although the Group has only 45% ownership interest and voting rights in C Plus Limited. C Plus Limited is listed on the stock exchange of C Land. The Group has the 45% ownership since June 2010 and the remaining 55% of shareholdings are owned by thousands of shareholders that are unrelated to the Group. Details of C Plus Limited are set out in note 59.</p> <p>The directors assessed whether or not the Group has control over C Plus Limited based on whether the Group has the practical ability to direct the relevant activities of C Plus Limited unilaterally. In making their judgement, the directors considered the Group's absolute size of holding in C Plus Limited and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the directors concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of C Plus Limited and therefore the Group has control over C Plus Limited.</p>																												
HKFRS 12.7(b) HKFRS 12.9(e)	<p><u>Significant influence over A Plus Limited</u></p> <p>Note 24 describes that A Plus Limited is an associate of the Group although the Group only owns 17% ownership interest in A Plus Limited. The Group has significant influence over A Plus Limited by virtue of the contractual right to appoint two out of the six directors to the board of directors of that company.</p>																												
	<p>17. Earnings per share</p> <p>Impact of changes in accounting policies</p> <p><i>Note: Changes in the Group's accounting policies during the year are described in detail in note 2. To the extent that those changes have had an impact on the results reported for 2012 and 2011, they have had an impact on the amounts reported for earnings per share. In accordance with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 relating to the transitional guidance on the first-time application of the above standards as detailed in note 2, the quantitative information required by HKAS 8.28(f) is provided for the year ended 31 December 2011 only.</i></p> <p>The following table summarises that effect on both basic and diluted earnings per share for the year ended 31 December 2011.</p>																												
HKAS 8.28(f)(ii) HKFRS 10.C2A, C2B HKFRS 11.C1B	<table border="1"> <thead> <tr> <th style="text-align: center;">Company</th> <th style="text-align: center;">Increase (decrease) in profit for the year attributable to the owners of the Company</th> <th style="text-align: center;">Increase (decrease) in basic earnings per share</th> <th style="text-align: center;">Increase (decrease) in diluted earnings per share</th> </tr> <tr> <th style="text-align: center;">Year ended 31/12/11 HK\$'000</th> <th style="text-align: center;">Year ended 31/12/11</th> <th style="text-align: center;">Year ended 31/12/11 Cents per share</th> <th style="text-align: center;">Year ended 31/12/11 Cents per share</th> </tr> </thead> <tbody> <tr> <td>Changes in accounting policies relating to:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>- Application of HKFRS 10 (see note 2)</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>- Application of HKFRS 11 (see note 2)</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>- Others (please specify)</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td></td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> </tbody> </table>	Company	Increase (decrease) in profit for the year attributable to the owners of the Company	Increase (decrease) in basic earnings per share	Increase (decrease) in diluted earnings per share	Year ended 31/12/11 HK\$'000	Year ended 31/12/11	Year ended 31/12/11 Cents per share	Year ended 31/12/11 Cents per share	Changes in accounting policies relating to:				- Application of HKFRS 10 (see note 2)	-	-	-	- Application of HKFRS 11 (see note 2)	-	-	-	- Others (please specify)	-	-	-		-	-	-
Company	Increase (decrease) in profit for the year attributable to the owners of the Company	Increase (decrease) in basic earnings per share	Increase (decrease) in diluted earnings per share																										
Year ended 31/12/11 HK\$'000	Year ended 31/12/11	Year ended 31/12/11 Cents per share	Year ended 31/12/11 Cents per share																										
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	-	-	-																										

Source	Hong Kong GAAP Limited																								
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>24. Investments in associates</p> <p>Details of the Group's investments in associates are as follows:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">31/12/12 HK\$'000</th> <th style="text-align: right;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Cost of investments in associates</td> <td></td> <td></td> </tr> <tr> <td> Listed in Hong Kong</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td> Listed outside Hong Kong</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td> Unlisted</td> <td style="text-align: right;">2,624</td> <td style="text-align: right;">2,824</td> </tr> <tr> <td>Share of post-acquisition profits and other comprehensive income, net of dividends received</td> <td style="text-align: right;">2,695</td> <td style="text-align: right;">2,766</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">5,319</td> <td style="text-align: right; border-top: 1px solid black;">5,590</td> </tr> </tbody> </table>		31/12/12 HK\$'000	31/12/11 HK\$'000	Cost of investments in associates			Listed in Hong Kong	-	-	Listed outside Hong Kong	-	-	Unlisted	2,624	2,824	Share of post-acquisition profits and other comprehensive income, net of dividends received	2,695	2,766		5,319	5,590			
	31/12/12 HK\$'000	31/12/11 HK\$'000																							
Cost of investments in associates																									
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Share of post-acquisition profits and other comprehensive income, net of dividends received	2,695	2,766																							
	5,319	5,590																							
HKFRS 12.21(a)	<p>Details of each of the Group's material associates at the end of the reporting period are as follow:</p> <table border="1"> <thead> <tr> <th style="text-decoration: underline;">Name of entity</th> <th style="text-decoration: underline;">Form of entity</th> <th style="text-decoration: underline;">Place of incorporation</th> <th style="text-decoration: underline;">Principal place of operation</th> <th style="text-decoration: underline;">Class of shares held</th> <th style="text-decoration: underline;">Proportion of nominal value of issued capital held by the Group</th> <th style="text-decoration: underline;">Proportion of voting power held</th> <th style="text-decoration: underline;">Principal activities</th> </tr> </thead> <tbody> <tr> <td>A Plus Limited</td> <td>Incorporated</td> <td>A Land</td> <td>A Land</td> <td>Ordinary</td> <td>17%</td> <td>17% (Note 1)</td> <td>Transport</td> </tr> <tr> <td>B Plus Limited</td> <td>Incorporated</td> <td>B Land</td> <td>B Land</td> <td>Ordinary</td> <td>56%</td> <td>56% (Note 2)</td> <td>Finance</td> </tr> </tbody> </table> <p><i>Note: To illustrate the disclosure requirements of HKFRS 12, it is assumed that the Group only has two material associates, A Plus Limited and B Plus Limited.</i></p>	Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued capital held by the Group	Proportion of voting power held	Principal activities	A Plus Limited	Incorporated	A Land	A Land	Ordinary	17%	17% (Note 1)	Transport	B Plus Limited	Incorporated	B Land	B Land	Ordinary	56%	56% (Note 2)	Finance
Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued capital held by the Group	Proportion of voting power held	Principal activities																		
A Plus Limited	Incorporated	A Land	A Land	Ordinary	17%	17% (Note 1)	Transport																		
B Plus Limited	Incorporated	B Land	B Land	Ordinary	56%	56% (Note 2)	Finance																		
HKFRS 12.9(e)	<p>Notes:</p> <p>1) The Group is able to exercise significant influence over A Plus Limited because it has the power to appoint two out of the six directors of that company under the Articles of Association of that company.</p>																								
HKFRS 12.9(d)	<p>2) The Group holds 56% of the issued share capital of B Plus Limited. However, under a shareholders' agreement, the other shareholder controls the composition of the board of directors of B Plus Limited and therefore the Group does not control B Plus Limited. The directors of the Company consider that the Group does have significant influence over B Plus Limited and it is therefore classified as an associate of the Group.</p>																								

Source	Hong Kong GAAP Limited		
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued		
	24.1 Summarised financial information of material associates		
HKFRS 12.B14	Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs [adjusted by the Group for equity accounting purposes].		
HKFRS 12.21(b)(i)	All of these associates are accounted for using the equity method in these consolidated financial statements.		
HKFRS 12.21(b)(ii) HKFRS 12.B12 HKFRS 12.B14	A Plus Limited		
		<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000
	Current assets	19,151	18,442
	Non-current assets	18,460	17,221
	Current liabilities	(15,981)	(14,220)
	Non-current liabilities	(6,206)	(8,290)
		Year ended <u>31/12/12</u> HK\$'000	Year ended <u>31/12/11</u> HK\$'000
	Revenue	5,790	5,890
	Profit or loss from continuing operations	2,271	2,262
	Post-tax profit (loss) from discontinued operations	-	-
	Profit (loss) for the year	2,271	2,262
	Other comprehensive income for the year	-	-
	Total comprehensive income for the year	2,271	2,262
	Dividends received from the associate during the year	-	-
HKFRS 12.B14(b)	Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:		
		<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000
	Net assets of the associate	15,424	13,153
	Proportion of the Group's ownership interest in the associate	17%	17%
	Goodwill	-	-
	Other adjustments (please specify)	-	-
	Carrying amount of the Group's interest in the associate	<u>2,622</u>	<u>2,236</u>

Section 3 – Appendix 2

Source	Hong Kong GAAP Limited		
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued		
HKFRS 12.21(b)(ii) HKFRS 12.B12 HKFRS 12.B14	B Plus Limited	<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000
	Current assets	<u>7,570</u>	<u>7,269</u>
	Non-current assets	<u>4,574</u>	<u>3,579</u>
	Current liabilities	<u>(3,562)</u>	<u>(3,061)</u>
	Non-current liabilities	<u>(4,228)</u>	<u>(4,216)</u>
		<u>Year ended 31/12/12</u> HK\$'000	<u>Year ended 31/12/11</u> HK\$'000
	Revenue	<u>2,554</u>	<u>2,560</u>
	Profit or loss from continuing operations	<u>783</u>	<u>833</u>
	Post-tax profit (loss) from discontinued operations	<u>-</u>	<u>-</u>
	Profit (loss) for the year	<u>783</u>	<u>833</u>
	Other comprehensive income for the year	<u>-</u>	<u>-</u>
	Total comprehensive income for the year	<u>783</u>	<u>833</u>
	Dividends received from the associate during the year	<u>30</u>	<u>22</u>
HKFRS 12.B14(b)	Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:	<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000
	Net assets of the associate	4,354	3,571
	Proportion of the Group's ownership interest in the associate	56%	56%
	Goodwill	-	-
	Other adjustments (please specify)	-	-
	Carrying amount of the Group's interest in the associate	<u>2,438</u>	<u>2,000</u>

Source	Hong Kong GAAP Limited															
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p>															
HKFRS 12.21(c)(ii) HKFRS 12.B16	<p>Aggregate information of associates that are not individually material</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">Year ended 31/12/12 HK\$'000</th> <th style="text-align: right;">Year ended 31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>The Group's share of profit (loss) from continuing operations</td> <td style="text-align: right;">42</td> <td style="text-align: right;">358</td> </tr> <tr> <td>The Group's share of post-tax profit (loss) from discontinued operations</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>The Group's share of other comprehensive income</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>The Group's share of total comprehensive income</td> <td style="text-align: right;">42</td> <td style="text-align: right;">358</td> </tr> </tbody> </table>		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000	The Group's share of profit (loss) from continuing operations	42	358	The Group's share of post-tax profit (loss) from discontinued operations	-	-	The Group's share of other comprehensive income	-	-	The Group's share of total comprehensive income	42	358
	Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000														
The Group's share of profit (loss) from continuing operations	42	358														
The Group's share of post-tax profit (loss) from discontinued operations	-	-														
The Group's share of other comprehensive income	-	-														
The Group's share of total comprehensive income	42	358														
HKFRS 12.22(c)	<p>Unrecognised share of losses of an associate</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">Year ended 31/12/12 HK\$'000</th> <th style="text-align: right;">Year ended 31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>The unrecognised share of loss of an associate for the year</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right;">31/12/12 HK\$'000</td> <td style="text-align: right;">31/12/11 HK\$'000</td> </tr> <tr> <td>Cumulative share of loss of an associate</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> </tbody> </table>		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000	The unrecognised share of loss of an associate for the year	-	-		31/12/12 HK\$'000	31/12/11 HK\$'000	Cumulative share of loss of an associate	-	-			
	Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000														
The unrecognised share of loss of an associate for the year	-	-														
	31/12/12 HK\$'000	31/12/11 HK\$'000														
Cumulative share of loss of an associate	-	-														
	<p>24.2 Change in ownership interest in an associate</p>															
HKAS 28.25	<p>In December 2012, the Group disposed of a 30% interest in E Plus Limited to a third party for proceeds of HK\$1.245 million (received in January 2013). The Group has retained the remaining 10% interest as an available-for-sale investment whose fair value at the date of disposal was HK\$360,000, that is determined using a discounted cash flow model (please describe key factors and assumptions used in determining the fair value). Prior to the disposal, the Group held a 40% interest in E Plus Limited and accounted for the investment as an associate. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows.</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Proceeds of disposal</td> <td style="text-align: right;">1,245</td> </tr> <tr> <td>Plus: fair value of investment retained (10%)</td> <td style="text-align: right;">360</td> </tr> <tr> <td>Less: carrying amount of investment on the date of loss of significant influence</td> <td style="text-align: right;">(1,024)</td> </tr> <tr> <td>Gain recognised</td> <td style="text-align: right;">581</td> </tr> </tbody> </table> <p>The gain recognised in the current year comprises a realised profit of HK\$477,000 (being the proceeds of HK\$1.245 million less HK\$768,000 carrying amount of the interest disposed of) and an unrealised profit of HK\$104,000 (being the fair value less the carrying amount of the 10% interest retained). A current tax expense of HK\$143,000 arose on the gain realised in the current year, and a deferred tax expense of HK\$32,000 has been recognised in respect of the portion of the profit recognised that is not taxable until the remaining interest is disposed of.</p>		HK\$'000	Proceeds of disposal	1,245	Plus: fair value of investment retained (10%)	360	Less: carrying amount of investment on the date of loss of significant influence	(1,024)	Gain recognised	581					
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Gain recognised	581															
	<p>24.3 Significant restriction</p>															
HKFRS 12.22(a)	<p>[When there are significant restrictions on the ability of associates to transfer funds to the Group in form of cash dividends, or to repay loans or advances made by the Group, the Group should disclose the nature and extent of significant restrictions in the financial statements. Please see HKFRS 12.22(a) for details.]</p>															

Source	Hong Kong GAAP Limited																								
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>25. Investments in joint ventures</p> <p>Details of the Group's investments in joint ventures are as follows:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">31/12/12 HK\$'000</th> <th style="text-align: right;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Cost of investments in joint ventures</td> <td></td> <td></td> </tr> <tr> <td> Listed in Hong Kong</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td> Listed outside Hong Kong</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td> Unlisted</td> <td style="text-align: right;">1,820</td> <td style="text-align: right;">1,820</td> </tr> <tr> <td>Share of post-acquisition profits and other comprehensive income, net of dividends received</td> <td style="text-align: right;">2,179</td> <td style="text-align: right;">1,842</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>3,999</u></td> <td style="text-align: right;"><u>3,662</u></td> </tr> </tbody> </table> <p><i>Note: Similar to the disclosures applicable to associates, HKFRS 12 requires the following information to be disclosed for each of the Group's material joint ventures. In this model, the Group has only two joint ventures, A JV Limited and B JV Limited, and for illustrative purposes, both entities are assumed to be material to the Group.</i></p>		31/12/12 HK\$'000	31/12/11 HK\$'000	Cost of investments in joint ventures			Listed in Hong Kong	-	-	Listed outside Hong Kong	-	-	Unlisted	1,820	1,820	Share of post-acquisition profits and other comprehensive income, net of dividends received	2,179	1,842		<u>3,999</u>	<u>3,662</u>			
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HKFRS 12.21(a)	<p>Details of the Group's material joint ventures at the end of the reporting period is as follows:</p> <table border="1"> <thead> <tr> <th>Name of entity</th> <th>Form of entity</th> <th>Place of incorporation</th> <th>Principal place of operation</th> <th>Class of shares held</th> <th>Proportion of nominal value of issued capital held by the Group</th> <th>Proportion of voting power held</th> <th>Principal activities</th> </tr> </thead> <tbody> <tr> <td>A JV Limited</td> <td>Incorporated</td> <td>Hong Kong</td> <td>Hong Kong</td> <td>Ordinary</td> <td>25%</td> <td>25%</td> <td>Manufacture of electronic equipment</td> </tr> <tr> <td>B JV Limited</td> <td>Incorporated</td> <td>Hong Kong</td> <td>Hong Kong</td> <td>Ordinary</td> <td>40%</td> <td>40%</td> <td>Manufacture of electronic equipment</td> </tr> </tbody> </table> <p>25.1 Summarised financial information of material joint ventures</p>	Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued capital held by the Group	Proportion of voting power held	Principal activities	A JV Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	25%	25%	Manufacture of electronic equipment	B JV Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	40%	40%	Manufacture of electronic equipment
Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued capital held by the Group	Proportion of voting power held	Principal activities																		
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B JV Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	40%	40%	Manufacture of electronic equipment																		
HKFRS 12.B14	<p>Summarised financial information in respect of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with HKFRSs [adjusted by the Group for equity accounting purposes].</p>																								
HKFRS 12.21(b)(i)	<p>The joint ventures are accounted for using the equity method in these consolidated financial statements.</p>																								
HKFRS 12.21(b)(ii) HKFRS 12.B12 HKFRS 12.B14	<p>A JV Limited</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">31/12/12 HK\$'000</th> <th style="text-align: right;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Current assets</td> <td style="text-align: right;">5,454</td> <td style="text-align: right;">7,073</td> </tr> <tr> <td>Non-current assets</td> <td style="text-align: right;">23,887</td> <td style="text-align: right;">20,769</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">(2,836)</td> <td style="text-align: right;">(3,046)</td> </tr> <tr> <td>Non-current liabilities</td> <td style="text-align: right;">(13,721)</td> <td style="text-align: right;">(13,033)</td> </tr> </tbody> </table>		31/12/12 HK\$'000	31/12/11 HK\$'000	Current assets	5,454	7,073	Non-current assets	23,887	20,769	Current liabilities	(2,836)	(3,046)	Non-current liabilities	(13,721)	(13,033)									
	31/12/12 HK\$'000	31/12/11 HK\$'000																							
Current assets	5,454	7,073																							
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Non-current liabilities	(13,721)	(13,033)																							

Source	Hong Kong GAAP Limited	
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued	
HKFRS 12.B13	The above amounts of assets and liabilities include the following:	
	Cash and cash equivalents	- -
	Current financial liabilities (excluding trade and other payables and provisions)	- -
	Non-current financial liabilities (excluding trade and other payables and provisions)	(13,721) (13,033)
		Year ended 31/12/12 Year ended 31/12/11 HK\$'000 HK\$'000
HKFRS 12.B12	Revenue	6,436 6,076
	Profit or loss from continuing operations	1,021 733
	Post-tax profit (loss) from discontinued operations	- -
	Profit (loss) for the year	1,021 733
	Other comprehensive income for the year	- -
	Total comprehensive income for the year	1,021 733
	Dividends received from the joint venture during the year	- -
HKFRS 12.B13	The above profit (loss) for the year include the following:	
		Year ended 31/12/12 Year ended 31/12/11 HK\$'000 HK\$'000
	Depreciation and amortisation	200 180
	Interest income	- -
	Interest expense	56 48
	Income tax expense	- -
HKFRS 12.B14(b)	Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:	
		31/12/12 31/12/11 HK\$'000 HK\$'000
	Net assets of the joint venture	12,784 11,763
	Proportion of the Group's ownership interest in the joint venture	25% 25%
	Goodwill	- -
	Other adjustments (please specify)	- -
	Carrying amount of the Group's interest in the joint venture	3,196 2,941

Section 3 – Appendix 2

Source	Hong Kong GAAP Limited		
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued		
	B JV Limited		
HKFRS 12.21(b)(ii) HKFRS 12.B12 HKFRS 12.B14		<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000
	Current assets	<u>1,091</u>	<u>1,414</u>
	Non-current assets	<u>7,344</u>	<u>4,154</u>
	Current liabilities	<u>(568)</u>	<u>(609)</u>
	Non-current liabilities	<u>(5,861)</u>	<u>(3,157)</u>
HKFRS 12.B13	The above amounts of assets and liabilities include the following:		
	Cash and cash equivalents	<u>-</u>	<u>-</u>
	Current financial liabilities (excluding trade and other payables and provisions)	<u>-</u>	<u>-</u>
	Non-current financial liabilities (excluding trade and other payables and provisions)	<u>(5,861)</u>	<u>(3,157)</u>
		<u>Year ended 31/12/12 HK\$'000</u>	<u>Year ended 31/12/11 HK\$'000</u>
HKFRS 12.B12	Revenue	<u>1,288</u>	<u>1,215</u>
	Profit or loss from continuing operations	<u>204</u>	<u>147</u>
	Post-tax profit (loss) from discontinued operations	<u>-</u>	<u>-</u>
	Profit (loss) for the year	<u>204</u>	<u>147</u>
	Other comprehensive income for the year	<u>-</u>	<u>-</u>
	Total comprehensive income for the year	<u>204</u>	<u>147</u>
	Dividends received from the joint venture during the year	<u>-</u>	<u>-</u>
HKFRS 12.B13	The above profit (loss) for the year include the following:		
		<u>Year ended 31/12/12 HK\$'000</u>	<u>Year ended 31/12/11 HK\$'000</u>
	Depreciation and amortisation	<u>36</u>	<u>33</u>
	Interest income	<u>-</u>	<u>-</u>
	Interest expense	<u>5</u>	<u>8</u>
	Income tax expense	<u>-</u>	<u>-</u>

Source	Hong Kong GAAP Limited		
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued		
HKFRS 12.B14(b)	Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:		
		<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000
	Net assets of the joint venture	2,006	1,802
	Proportion of the Group's ownership interest in the joint venture	40%	40%
	Goodwill	-	-
	Other adjustments (please specify)	-	-
	Carrying amount of the Group's interest in the joint venture	<u>803</u>	<u>721</u>
	The Group's share of profit (loss) from continuing operations	-	-
	The Group's share of post-tax profit (loss) from discontinued operations	-	-
	The Group's share of other comprehensive income	-	-
	The Group's share of total comprehensive income	-	-
HKFRS 12.21(c)(i) HKFRS 12.B16	Aggregate information of joint ventures that are not individually material	Year ended <u>31/12/12</u> HK\$'000	Year ended <u>31/12/11</u> HK\$'000
	The Group's share of profit (loss) from continuing operations	-	-
	The Group's share of post-tax profit (loss) from discontinued operations	-	-
	The Group's share of other comprehensive income	-	-
	The Group's share of total comprehensive income	-	-
HKFRS 12.22(c)	Unrecognised share of losses of a joint venture	Year ended <u>31/12/12</u> HK\$'000	Year ended <u>31/12/11</u> HK\$'000
	The unrecognised share of loss of a joint venture for the year	-	-
		<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000
	Cumulative share of loss of a joint venture	-	-
	25.2 Significant restriction		
HKFRS 12.22(a)	[When there are significant restrictions on the ability of joint ventures to transfer funds to the Group in form of cash dividends, or to repay loans or advances made by the Group, the Group should disclose the nature and extent of significant restrictions in the financial statements. Please see HKFRS 12.22(a) for details.]		

Source	Hong Kong GAAP Limited		
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued		
	51. Disposal of a subsidiary		
	On 30 November 2012, the Group disposed of Subzero Limited which carried out its entire toy manufacturing operations.		
	Consideration received		
		Year ended 31/12/12 <u>HK\$'000</u>	Year ended 31/12/11 <u>HK\$'000</u>
HKAS 7.40(b)	Consideration received in cash and cash equivalents	7,854	-
	Deferred sales proceeds (note 30)	<u>960</u>	<u>-</u>
HKAS 7.40(a)	Total consideration received	<u>8,814</u>	<u>-</u>
HKAS 7.40(d)	Analysis of asset and liabilities over which control was lost		
		Year ended 31/12/12 <u>HK\$'000</u>	Year ended 31/12/11 <u>HK\$'000</u>
	<u>Current assets</u>		
	Cash and cash equivalents	288	-
	Trade receivables	1,034	-
	Inventories	2,716	-
	<u>Non-current assets</u>		
	Property, plant and equipment	5,662	-
	Goodwill	3,080	-
	<u>Current liabilities</u>		
	Payables	(973)	-
	<u>Non-current liabilities</u>		
	Borrowings	(4,342)	-
	Deferred tax liabilities	<u>(471)</u>	<u>-</u>
	Net assets disposed of	<u>6,994</u>	<u>-</u>
	Gain on disposal of subsidiary		
		Year ended 31/12/12 <u>HK\$'000</u>	Year ended 31/12/11 <u>HK\$'000</u>
	Consideration received	8,814	-
	Net assets disposed of	(6,994)	-
	Non-controlling interests	-	-
	Cumulative gain/loss on available-for-sale financial assets reclassified from equity on loss of control of subsidiary	-	-
	Cumulative exchange gain in respect of the net assets of the subsidiary and related hedging instruments reclassified from equity to profit or loss on loss of control of subsidiary	<u>120</u>	<u>-</u>
HKFRS 12.19	Gain on disposal	<u>1,940</u>	<u>-</u>
HKFRS 12.19(b)	The gain on disposal is included in the profit for the year from discontinued operations in the consolidated [statement of comprehensive income/income statement] (see note 11).		

Source	Hong Kong GAAP Limited																		
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>Net cash inflow on disposal of subsidiary</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">Year ended 31/12/12 HK\$'000</th> <th style="text-align: right;">Year ended 31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Consideration received in cash and cash equivalents</td> <td style="text-align: right;">7,854</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Less: cash and cash equivalent balances disposed of</td> <td style="text-align: right;">(288)</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>7,566</u></td> <td style="text-align: right;"><u>-</u></td> </tr> </tbody> </table>		Year ended 31/12/12 HK\$'000	Year ended 31/12/11 HK\$'000	Consideration received in cash and cash equivalents	7,854	-	Less: cash and cash equivalent balances disposed of	(288)	-		<u>7,566</u>	<u>-</u>						
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Less: cash and cash equivalent balances disposed of	(288)	-																	
	<u>7,566</u>	<u>-</u>																	
	<p>55. Commitments</p> <p>The Group's commitments, including its share of commitments made jointly with other joint venturers relating to its joint venture, A JV Limited, is as follows:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">31/12/12 HK\$'000</th> <th style="text-align: right;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Commitments to contribute funds for the acquisition of property, plant and equipment</td> <td style="text-align: right;">983</td> <td style="text-align: right;">192</td> </tr> <tr> <td>Commitments to provide loans</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Commitments to acquire other venturer's ownership interest when a particular event occurs or does not occur in the future (please specify what the particular event is)</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Others (please specify)</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> </tbody> </table>		31/12/12 HK\$'000	31/12/11 HK\$'000	Commitments to contribute funds for the acquisition of property, plant and equipment	983	192	Commitments to provide loans	-	-	Commitments to acquire other venturer's ownership interest when a particular event occurs or does not occur in the future (please specify what the particular event is)	-	-	Others (please specify)	-	-			
	31/12/12 HK\$'000	31/12/11 HK\$'000																	
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	<p>57. Contingent liabilities and contingent assets</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">31/12/12 HK\$'000</th> <th style="text-align: right;">31/12/11 HK\$'000</th> </tr> </thead> <tbody> <tr> <td colspan="3">Contingent liabilities</td> </tr> <tr> <td>Contingent liabilities incurred by the Group arising from its interests in a joint venture (i)</td> <td style="text-align: right;">110</td> <td style="text-align: right;">116</td> </tr> <tr> <td>Contingent liabilities incurred by the Group arising from its interests in associates (please disclose the details)</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Group's share of associates' contingent liabilities (ii)</td> <td style="text-align: right;">150</td> <td style="text-align: right;">14</td> </tr> <tr> <td>Group's share of joint venture's contingent liabilities (please specify the details)</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> </tbody> </table> <p>(i) A number of contingent liabilities have arisen as a result of the Group's interests in joint ventures. The amount disclosed represents the aggregate amount of such contingent liabilities for which the Group as an investor is liable. The extent to which an outflow of funds will be required is dependent on the future operations of the joint ventures being more or less favourable than currently expected. The Group is not contingently liable for the liabilities of other venturers in its joint ventures.</p> <p>(ii) The amount disclosed represents the Group's share of contingent liabilities of associates. The extent to which an outflow of funds will be required is dependent on the future operations of the associates being more or less favourable than currently expected.</p>		31/12/12 HK\$'000	31/12/11 HK\$'000	Contingent liabilities			Contingent liabilities incurred by the Group arising from its interests in a joint venture (i)	110	116	Contingent liabilities incurred by the Group arising from its interests in associates (please disclose the details)	-	-	Group's share of associates' contingent liabilities (ii)	150	14	Group's share of joint venture's contingent liabilities (please specify the details)	-	-
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HKFRS 12.23(a) HKFRS 12.B18 - B19																			
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Source	Hong Kong GAAP Limited										
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued										
	59. Subsidiaries										
	59.1 General information of subsidiaries										
HKFRS 12.10(a)	Details of the Group's material subsidiaries at the end of the reporting period are set out below.										
	Name of subsidiary	Place of incorporation / registration / operations	Class of shares held	Paid up registered capital	Proportion ownership interest held by the Company				Proportion of voting power held		Principal activity
					Directly		Indirectly				
					2012	2011	2012	2011	2012	2011	
					%	%	%	%	%	%	
	Subzero Limited	Hong Kong	Ordinary	HK\$50,000,000	-	-	-	100	-	100	Manufacture of toy
	Subone Limited	Hong Kong	Ordinary	HK\$1,000	-	-	90	100	90	100	Manufacture of electronic equipment
	Subtwo Limited	PRC	Registered	RMB5,000,000	-	-	100	100	100	100	Construction of residential properties
	Subthree Limited	Malaysia	Ordinary	RMB10,000,000	-	-	70	70	70	70	Manufacture of leisure good
	Subfour Limited	PRC	Registered	USD100	100	100	-	-	100	100	Manufacture of electronic equipment
	Subfive Limited	PRC	Registered	USD5,000	100	100	-	-	100	100	Manufacture of electronic equipment
	Subsix Limited	Hong Kong	Ordinary	HK\$100	-	-	80	-	80	-	Manufacture of electronic equipment
	Kowloon Limited	Hong Kong	Ordinary	HK\$100	-	-	100	-	100	-	Manufacture of electronic equipment
	C Plus Limited	C Land	Ordinary	USD100	45	45	-	-	45	45	Manufacture of electronic equipment
	The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected 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.										
	Subtwo Limited, Subfour and Subfive Limited are wholly foreign owned enterprises.										

Source	Hong Kong GAAP Limited																																																																				
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p> <p>At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in A Land. The principal activities of these subsidiaries are summarised as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Principal activities</th> <th rowspan="2">Principal place of business</th> <th colspan="2">Number of subsidiaries</th> </tr> <tr> <th>31/12/12</th> <th>31/12/11</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Manufacture of electronic equipment</td> <td>A Land</td> <td>1</td> <td>1</td> </tr> <tr> <td>B Land</td> <td>2</td> <td>2</td> </tr> <tr> <td></td> <td></td> <td style="border-top: 1px solid black;">3</td> <td style="border-top: 1px solid black;">3</td> </tr> <tr> <td>Manufacture of leisure goods</td> <td>A Land</td> <td>2</td> <td>2</td> </tr> <tr> <td rowspan="2">Construction Toys manufacturing</td> <td>A Land</td> <td>1</td> <td>1</td> </tr> <tr> <td>A Land</td> <td>Nil</td> <td>1</td> </tr> <tr> <td></td> <td></td> <td style="border-top: 1px solid black;">6</td> <td style="border-top: 1px solid black;">7</td> </tr> </tbody> </table> <p><i>Note: HKFRS 12.10(a) requires entities to disclose the composition of the group. The list above discloses information about the Group's material subsidiaries (wholly- and non-wholly-owned subsidiaries). The above illustrates one example as to how the requirements set out in HKFRS 12 can be met. When local laws or regulations require the list of investments in subsidiaries to be disclosed, the above disclosures should be modified to comply with the additional local requirements.</i></p> <p>59.2 Details of non-wholly subsidiaries that have material non-controlling interests</p> <p>The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:</p> <p><i>Note: For illustrative purposes, the following non-wholly subsidiaries are assumed to have non-controlling interests that are material to the Group.</i></p> <table border="1"> <thead> <tr> <th rowspan="3">Name of subsidiary</th> <th rowspan="3">Place of incorporation and principal place of business</th> <th colspan="2">Proportion of ownership interests and voting rights held by non-controlling interests</th> <th colspan="2">Profit (loss) allocated to non-controlling interests</th> <th colspan="2">Accumulated non-controlling interests</th> </tr> <tr> <th>31/12/12</th> <th>31/12/11</th> <th>31/12/12</th> <th>31/12/11</th> <th>31/12/12</th> <th>31/12/11</th> </tr> <tr> <th></th> <th></th> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> <th>HK\$'000</th> </tr> </thead> <tbody> <tr> <td>Subthree Limited</td> <td>Malaysia</td> <td>30%</td> <td>30%</td> <td>1,020</td> <td>980</td> <td>10,680</td> <td>9,660</td> </tr> <tr> <td>C Plus Limited (i)</td> <td>C Land</td> <td>55%</td> <td>55%</td> <td>392</td> <td>464</td> <td>2,445</td> <td>2,053</td> </tr> </tbody> </table> <p>(i) C Plus Limited is listed on the stock exchange of C Land. Although the Group has only 45% ownership in C Plus Limited, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of C Plus Limited on the basis of the Group's absolute size of shareholding and the relative size of and dispersion of the shareholdings owned by other shareholders. The 55% ownership interests in C Plus Limited are owned by thousands of shareholders that are unrelated to the Group, none individually holding more than 2%.</p>	Principal activities	Principal place of business	Number of subsidiaries		31/12/12	31/12/11	Manufacture of electronic equipment	A Land	1	1	B Land	2	2			3	3	Manufacture of leisure goods	A Land	2	2	Construction Toys manufacturing	A Land	1	1	A Land	Nil	1			6	7	Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests		31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11			HK\$'000	HK\$'000	HK\$'000	HK\$'000	Subthree Limited	Malaysia	30%	30%	1,020	980	10,680	9,660	C Plus Limited (i)	C Land	55%	55%	392	464	2,445	2,053
Principal activities	Principal place of business			Number of subsidiaries																																																																	
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		31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11																																																														
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Source	Hong Kong GAAP Limited																																																																														
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HKFRS 12.12(g) HKFRS 12.B10 HKFRS 12.B11	Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.																																																																														
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Source	Hong Kong GAAP Limited	
	Notes to the consolidated financial statements for the year ended 31 December 2012 – continued	
C Plus Limited	<u>31/12/12</u> HK\$'000	<u>31/12/11</u> HK\$'000
Current assets	<u>1,530</u>	<u>3,517</u>
Non-current assets	<u>3,625</u>	<u>1,070</u>
Current liabilities	<u>(280)</u>	<u>(266)</u>
Non-current liabilities	<u>(430)</u>	<u>(588)</u>
Equity attributable to owners of the Company	<u>2,000</u>	<u>1,680</u>
Non-controlling interests	<u>2,445</u>	<u>2,053</u>
	<u>Year ended 31/12/12</u> HK\$'000	<u>Year ended 31/12/11</u> HK\$'000
Revenue	<u>2,165</u>	<u>2,285</u>
Expenses	<u>(1,453)</u>	<u>(1,441)</u>
Profit (loss) for the year	<u>712</u>	<u>844</u>
Profit (loss) attributable to owners of the Company	320	380
Profit (loss) attributable to the non-controlling interests	<u>392</u>	<u>464</u>
Profit (loss) for the year	<u>712</u>	<u>844</u>
Other comprehensive income attributable to owners of the Company	-	-
Other comprehensive income attributable to the non-controlling interests	-	-
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income attributable to owners of the Company	320	380
Total comprehensive income attributable to the non-controlling interests	<u>392</u>	<u>464</u>
Total comprehensive income for the year	<u>712</u>	<u>844</u>
Dividends paid to non-controlling interests	<u>-</u>	<u>-</u>
Net cash inflow (outflow) from operating activities	<u>(263)</u>	<u>(241)</u>
Net cash inflow (outflow) from investing activities	<u>-</u>	<u>-</u>
Net cash inflow (outflow) from financing activities	<u>(160)</u>	<u>(120)</u>
Net cash inflow (outflow)	<u>(423)</u>	<u>(361)</u>

Source	Hong Kong GAAP Limited
	<p>Notes to the consolidated financial statements for the year ended 31 December 2012 – continued</p>
	<p><i>59.3 Change in ownership interest in a subsidiary</i></p>
HKFRS 12.18	<p>During the year, the Group disposed of 10% of its interest in Subone Limited, reducing its continuing interest to 90%. The proceeds on disposal of HK\$213,000 were received in cash. An amount of HK\$179,000 (being the proportionate share of the carrying amount of the net assets of Subone Limited) has been transferred to non-controlling interests. The difference of HK\$34,000 between the increase in the non-controlling interests and the consideration received has been credited to retained earnings.</p>
	<p><i>59.4 Significant restriction</i></p>
HKFRS 12.13	<p>[When there are significant restrictions on the Company's or its subsidiaries' ability to access or use the assets and settle the liabilities of the Group, the Group should disclose the nature and extent of significant restrictions. Please see HKFRS 12.13 for details.]</p>
	<p><i>59.5 Financial support</i></p>
HKFRS 12.14-17	<p>[When the Group gives financial support to a consolidated structured entity, the nature and risks (including the type and amount of support provided) should be disclosed in the financial statements. Please see HKFRS 12.14 – 17 for details.]</p>

Hong Kong Financial Reporting Standards - Illustrative Annual Financial Statements 2012 aims to provide useful guidance to preparers of financial statements reporting under Hong Kong Financial Reporting Standards (HKFRSs). Specifically, this publication contains a set of illustrative annual financial statements for the year ended 31 December 2012 of an hypothetical entity with its shares listed on The Stock Exchange of Hong Kong Limited that are prepared in accordance with HKFRSs and the relevant disclosure requirements set out in the Hong Kong Companies Ordinance and the Listing Rules.

The illustrative annual financial statements reflect the impact of the application of some key amendments to HKFRSs that are mandatorily effective for 2012 (e.g. amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets*).

A couple of appendices are also included in this publication in order to give examples of the early application of a number of new and revised standards that are not yet mandatorily effective on 1 January 2012: they include the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* and the package of five new and revised standards on consolidation, joint arrangements, associates and disclosures issued in 2011.

We hope that this publication will help you navigate through the increasingly complex and changing financial reporting requirements in Hong Kong. To keep you up to date with the new international accounting developments that will shape Hong Kong financial reporting in the future, please visit the Deloitte IAS PLUS website (www.iasplus.com).

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As early as 1917, we opened an office in Shanghai. Backed by our global network, we deliver a full range of audit, tax, consulting and financial advisory services to national, multinational and growth enterprise clients in China.

We have considerable experience in China and have been a significant contributor to the development of China's accounting standards, taxation system and local professional accountants. We also provide services to around one-third of all companies listed on the Stock Exchange of Hong Kong.

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