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Illustrative Interim Financial Report Under Hong Kong Financial Reporting Standards

June 2013

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Illustrative Interim Financial Report under Hong Kong Financial Reporting Standards June 2013

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Abbreviations

Example of abbreviation used	Sources
HKICPA	Hong Kong Institute of Certified Public Accountants
HKFRS	Hong Kong Financial Reporting Standard
HKAS	Hong Kong Accounting Standard
HKAS 34.C7	Paragraph 7 of Appendix C to Hong Kong Accounting Standard 34
HK (IFRIC)	HK (IFRIC) Interpretation
HK (SIC)	HK (SIC) Interpretation
HK (INT)	HK Interpretation
HKSRE	Hong Kong Standard on Review Engagements
HKSRE 2410.43(a)	Paragraph 43(a) of Hong Kong Standard on Review Engagements 2410
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standard
IAS	International Accounting Standard
IFRIC	IFRS Interpretations Committee
SEHK	The Stock Exchange of Hong Kong Limited
MBLRs	Main Board Listing Rules of the SEHK
A16(40)(1)	Paragraph 40(1) of Appendix 16 to the MBLRs
CP	Current common practice in Hong Kong or recommended by KPMG (but not specifically required or recommended in any of the various guidelines or standards)
GAAP	Generally accepted accounting principles

Foreword

This guide has been prepared primarily to give guidance in respect of companies listed on the Main Board of The Stock Exchange of Hong Kong Limited (SEHK), which are required to prepare their interim reports in accordance with the applicable disclosure provisions of the Main Board Listing Rules of the SEHK (MBLRs).

This guide includes:

- an illustrative interim financial report for the six months ended 30 June 2013 issued by a fictitious Main Board listed company, HK Listco Ltd ("HK Listco") (formerly known as "Model Electronics Company Limited"), together with the independent auditor's review report; and

- further information on recent developments in HKFRSs, including a brief overview of their scope and requirements.

Recent financial reporting developments

The appendix to this guide sets out a complete list of recent developments in HKFRSs which were not yet effective for the 2012 calendar year-ends and therefore may need to be considered for the first time in the preparation of the 2013 interim financial report, including a brief overview of these new developments. The list is current as of 29 May 2013 and contains two tables:

- table 1 lists all amendments to HKFRSs which are required to be adopted in annual accounting periods beginning on or after 1 January 2013; and

- table 2 lists all other developments which are available for early adoption in that period, but are not yet mandatory.

All of these developments arise from the HKICPA adopting equivalent changes made to IFRSs by the IASB, word for word and with the same effective dates and transitional provisions. As of 29 May 2013 there are no recent amendments to IFRSs which the HKICPA has yet to adopt, except for IFRIC 21, *Levies*, which was issued by the IASB on 20 May 2013 and which we expect the HKICPA to adopt in the near future.

As can be seen from table 1, there are a wide range of changes which become effective in 2013 for the first time. Some of them introduce changes to presentation and disclosure requirements, for interim financial reports or annual financial statements or both; while a number of them may require a change in accounting policy for some companies, depending on their facts and circumstances. Details of the new developments which have been illustrated in this guide are discussed below:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

  The amendments to HKAS 1 change the titles "income statement" to "statement of profit or loss" and "statement of comprehensive income" to "statement of profit or loss and other comprehensive income". However, entities are still allowed to use other titles, such as the old titles. In this illustrative interim financial report, HK Listco has chosen to use the new titles. In addition, the amendments to HKAS 1 require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in this illustrative interim financial report has been modified accordingly.

- HKFRS 10, *Consolidated financial statements*

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

  Entities are required to test whether there is a change in the control conclusion for its investees under the new control model at the date of initial application of HKFRS 10, i.e. at the beginning of the annual reporting period for which the standard is adopted for the first time. For those entities with a December year end this would be 1 January 2013, unless the standard had been adopted early. In situations where the control assessment is straightforward e.g. when power over an investee is obtained directly and solely from the voting rights granted by equity instruments, it is likely that the control conclusion will remain unchanged given the similarities between the control concept under the old HKAS 27 and HKFRS 10. Therefore, consistent with many group situations, in this illustrative interim financial report it is assumed that, while the adoption of HKFRS 10 results in changes in the accounting policy which defines a subsidiary, the change in policy has no material impact on the monetary amounts included in this illustrative interim financial report. However, entities should take care to check their own facts and circumstances - in more complicated situations, e.g. where potential voting rights are involved in the assessment, or in the situation when the reporting entity has de facto control over another entity whose shareholders are widely dispersed, then the adoption of HKFRS 10 may lead to needing to consolidate a particular entity that has not been previously consolidated, or excluding from the consolidation an entity that has previously been consolidated. If there has been such a change in the control conclusion in respect of any of the group's investees then retrospective adjustments to comparatives will be required.

- HKFRS 11, *Joint arrangements*

  HKFRS 11 replaces HKAS 31, *Interests in joint ventures* and divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

  HKFRS 11 provides specific transitional provisions for entities changing its accounting for investments in joint ventures from proportionate consolidation to the equity method, and changing from the equity method to line-by-line accounting in respect of interests in joint operations. In this illustrative interim financial report, HK Listco reclassified its investment from "jointly controlled entity" to "joint venture". As will be common for many entities, the investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result.

- HKFRS 12, *Disclosure of interests in other entities*

  HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements and associates. It also introduces new disclosure requirements for unconsolidated structured entities. The disclosures required in HKFRS 12 are generally more extensive than those previously required by the respective standards for these investees. In the first year of adoption, the disclosure requirements generally apply to both the current period and the immediately preceding period. As an exception to this, entities need not provide comparative information for the disclosure in respect of interests in unconsolidated structured entities.

  Since HKFRS 12 has not consequentially amended HKAS 34, the disclosures required by HKFRS 12 are not automatically required in condensed interim financial reports. However, HKAS 34.15 contains a general disclosure requirement requiring an entity to disclose events and transactions that are significant to an understanding of changes in the financial position and performance. This disclosure includes an explanation and update to relevant information presented in the most recent annual financial statements. Therefore, when preparing condensed interim financial reports in the first annual period in which new or revised HKFRSs become effective, entities may consider expanding the disclosures for certain items or transactions with reference to the new disclosure requirements that will be applied in the next annual financial statements. For example, in the case of HKFRS 12, the standard introduces disclosures relating to interests in unconsolidated structured entities which were not previously required by HKAS 27 and therefore not available in the most recent annual financial statements. An entity having interests in unconsolidated structured entities would consider providing those disclosures in their 2013 interim financial reports if such information is significant to an understanding of changes in the financial position and performance.

- HKFRS 13, *Fair value measurement*

  HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The standard is effective prospectively; entities need not provide comparative information in the first year of adoption of HKFRS 13.

  So far as measurement is concerned, if the adoption of HKFRS 13 has material impact on the financial position and performance, the entity should give a discussion of how its measurement of assets and liabilities has been impacted at the interim date. In this illustrative interim financial report, it is assumed that the adoption of HKFRS 13 does not have material impact on the fair value measurements of HK Listco's assets and liabilities.

  So far as disclosure is concerned, HKAS 34 has been amended as a result of HKFRS 13 and the amendments should be applied in the interim financial reports within an annual period for which HKFRS 13 becomes effective. As a result, the fair value disclosures for financial instruments are required to be included in the interim financial reports as well as the annual financial statements. Illustration of those disclosures can be found in note 15 to this illustrative interim financial report.

- Revised HKAS 19, *Employee benefits*

  Revised HKAS 19 introduces a number of amendments to the accounting for defined benefit plans. Among them, revised HKAS 19 eliminates the "corridor method" under which the recognition of actuarial gains and losses relating to defined benefit schemes could be deferred and recognised in profit or loss over the expected average remaining service lives of employees. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. Revised HKAS 19 also changed the basis for determining income from plan assets from expected return to interest income calculated at the liability discount rate, and requires immediate recognition of past service cost, whether vested or not. The standard generally requires retrospective application.

  In this illustrative interim financial report, HK Listco changed its accounting policy with respect to defined benefit plans, for which the corridor method was previously applied. The balances as at 1 January 2012 and 31 December 2012 have been restated accordingly.

- *Annual Improvements to HKFRSs 2009-2011 Cycle*

  This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (CODM) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. In this illustrative interim financial report, this disclosure is illustrated in note 3.

Since the impact of adopting the new or revised standards varies from one entity to another, depending on their facts and circumstances, care should be taken to tailor the disclosures to suit the entity's circumstances, particularly in the discussion of changes in accounting policies resulting from the new standards.

The appendix at the end of this publication includes a complete overview of these developments. In addition, more insight into the changes introduced by a particular development can be obtained from our Financial Reporting Updates (FRUs), which can be obtained at www.kpmg.com.cn under "Issues & Insights".

While we will endeavour to provide accurate and timely information on new developments, we cannot guarantee that our updates will cover all developments that may affect interim financial reports under the new and revised standards. We advise you to check regularly the HKICPA's and IASB's websites, www.hkicpa.org.hk and www.ifrs.org respectively, for their latest announcements.

Illustrative Interim Financial Report

(for a company listed on the Main Board of the Stock Exchange of Hong Kong)

30 June 2013

"Illustrative interim financial report" is for the use of clients, partners and staff of KPMG. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity, or to illustrate all the regulatory or HKFRS disclosures that may need to be made to reflect the particular circumstances of a reporting entity.

Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation. All entities and persons mentioned herein are fictitious. Any resemblance to any entities or persons is purely coincidental.

Introduction

The following interim financial report is prepared in accordance with HKAS 34, *Interim financial reporting*, issued by the HKICPA. An "interim financial report" is defined in HKAS 34 as a financial report containing either a complete set of financial statements (as described in HKAS 1, *Presentation of financial statements*) or, as is illustrated here, a set of condensed financial statements (as described in HKAS 34) for an interim period together with selected explanatory notes. An interim period is a financial reporting period shorter than a full financial year.

The interim financial report is assumed to have been issued by a fictitious Main Board listed company, HK Listco Ltd ("HK Listco") (formerly known as "Model Electronics Company Limited"), as a component of their interim report. HK Listco and its subsidiaries are primarily involved in the businesses of manufacturing and sale of electronic products, property development, construction and trading and property investment, in and outside Hong Kong.

HK Listco is assumed to have been applying HKFRSs issued by the HKICPA in prior periods. As the company has a 31 December year end, the interim financial report illustrates the disclosure of the effects of the changes in accounting policies that have been made as a result of the new and revised HKFRSs which are first effective for annual reporting periods beginning on or after 1 January 2013, and for any interim period that is part of such an annual period. Further details of these changes and how they have been illustrated in HK Listco's interim financial report can be found in the Foreword to this guide.

As further discussed in the Foreword to this guide, to assist in the assessment of the effects of the new and revised standards, the appendix to this guide contains further information on the new HKFRSs. The full text of the HKFRSs is available from the HKICPA's website, www.hkicpa.org.hk, under "Standards & regulation/Standards/Financial reporting". For a checklist of disclosures required by HKAS/IAS 34, you may refer to the publication "Disclosure checklist: Interim financial reports" issued by our KPMG International Standards Group, available on KPMG's Global IFRS Institute website at www.kpmg.com/ifrs under "IFRS publications/IFRS disclosure checklists".

Use of this illustrative interim financial report

The format and wording of this interim financial report are illustrative only and hence are not intended to be mandatory. Other methods or styles of presentation adopted may be equally acceptable provided that they comply with the MBLRs and HKAS 34. Similarly, a company is free to disclose more than the minimum level of disclosure required by the SEHK and may, for example, include a complete set of financial statements as defined in HKAS 1 in its interim financial report.

The interim financial report illustrates the disclosure provisions of the MBLRs, to the extent that the disclosures would appear in the interim financial report, rather than in information accompanying the interim financial report. Examples of such accompanying information include a separate statement containing management's discussion and analysis of the listed group's performance during the interim period and information relating to directors' securities transactions. The details of the MBLR disclosure requirements for interim reports can be found in paragraphs 37 to 44 of Appendix 16 to the MBLRs and Practice Note 5.

The illustrative interim financial report should not be used as a substitute for referring to the rules, standards and interpretations themselves, in part because a specific requirement may not be addressed in this illustration or there may be uncertainty regarding the correct interpretation of a rule or HKFRS. Also, the impact of any requirements that may result from current exposure drafts or other current projects of the SEHK, HKICPA, IASB or its interpretive body, IFRS Interpretations Committee, is not illustrated.

References

Where the MBLRs and/or HKFRSs state that a specific item should be disclosed references to the relevant paragraphs are provided. For example, the reference "HKAS 34.8(a)" is given at the start of the statement of financial position as paragraph 8(a) of HKAS 34 specifies that such a statement should be included, as a minimum, in the interim financial report. We have also used "CP" to indicate disclosures that, while not required, are common practice or, in our view, are likely to be considered best practice.

The level of disclosure in a condensed interim financial report may vary considerably from one entity to the next and depends, to a large extent to the nature of the entity's operations and the level of detail provided in the annual financial statements. Even though an item illustrated in the following interim financial report may not be cross-referenced to a specific requirement, it may still be considered necessary disclosure for some entities, in accordance with the following catch-all requirements:

- HKAS 34.10 requires additional line items or notes to be included in the interim financial report, in addition to headings and subtotals provided in the most recent annual financial statements, if their omission would make the condensed interim financial statements misleading.

- HKAS 34.15 and HKAS 34.15C require entities to include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of entities since the end of the last annual reporting period. HKAS 34.15B provides a list of events and transactions for which disclosures would be required if they are significant, and specifies that this list is not exhaustive (paragraph 40(4) of Appendix 16 to the MBLRs also requires disclosure of any supplementary information which is necessary for a reasonable appreciation of the interim results).

- HKAS 34.16A(c) requires disclosure of the nature and amounts of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

Compliance with IAS 34, *Interim financial reporting*

HKAS 34 is based very closely on IAS 34, including to the extent of identical paragraph numbering and wording. Therefore, compliance with HKAS 34 will generally ensure compliance with IAS 34 and this guide can be used as a useful reference source for Main Board issuers preparing their interim financial reports in accordance with IFRSs.

HK Listco Ltd

香港上市有限公司

(Stock code: • • • •)[1]

(formerly Model Electronics Company Limited)

2013

Interim Financial Report
for the six months ended 30 June 2013

LR13.51A

1 A listed issuer shall set out its stock code in a prominent position on the cover page or, where there is no cover page, the first page of all announcements, circulars and other documents published by it pursuant to the MBLRs.

NB In June 2006, the SEHK published on its website further guidance on the practical application of Rule 13.51A in the form of an answer to one of the "frequently asked questions" on the "minor and housekeeping rule amendments" effective on 1 March 2006. This guidance states that where an issuer publishes a financial report with a glossy cover, it is acceptable to include the stock code in the corporate or shareholder information section of the document, provided the stock code is displayed prominently in such information. It also states that this application is a modification to the strict wording of Rule 13.51A, for which the SEHK has obtained consent from the Securities and Futures Commission. If in any doubt about whether such guidance is still current at the time of preparing the interim report, SEHK's Listing Division should be consulted.

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HKAS 1.10, 10A
HKAS 34.8(b)

[2] The amendments to HKAS 1, *Presentation of items of other comprehensive income*, effective for annual periods beginning on or after 1 July 2012, change the titles "Income statement" to "Statement of profit or loss" and "Statement of comprehensive income" to "Statement of profit or loss and other comprehensive income". However, entities are still allowed to use other titles, such as the old titles. If the entity decides to use the new titles in the financial statements, care should be taken to ensure that the titles are applied consistently in the interim financial report to avoid confusion. In this illustration, HK Listco has chosen to use the new titles.

HKAS 1.8

[3] Although HKAS 1 uses the terms "other comprehensive income", "profit or loss" and "total comprehensive income", the standard does not prohibit the use of alternative descriptions as long as the meaning is clear. For example, an entity may use the term "net income" to describe profit or loss, and the titles "profit or loss account" or "income statement" could be used instead of "statement of profit or loss". Whatever terms are adopted, care should be taken to ensure that they are used consistently throughout the financial statements.

A16(37)(2)
HKAS 34.28

[4] In accordance with paragraph 37(2) of Appendix 16 to the MBLRs, the interim income statement should include, at a minimum, each component of income and expense that was presented in the most recent published annual income statement. It would therefore appear that the interim income statement presented by a listed issuer may not be condensed even though HKAS 34 allows this. In addition, where the interim financial report is prepared using new policies or the entity entered into new or significant transactions during the interim period, management should also consider how they would reflect these in the income statement in a full set of financial statements and make adjustments to the interim income statement accordingly.

HKAS 34.8A

It should also be noted that, in accordance with paragraph 8A of HKAS 34, the presentation of comprehensive income under HKAS 1 should be consistent between the interim report and the annual financial statements. That is, if an entity presents total comprehensive income using a two statement approach (i.e. presents a separate statement of profit or loss (otherwise known as "income statement") and statement of profit or loss and other comprehensive income (otherwise known as "statement of comprehensive income")) in its annual financial statements in accordance with HKAS 1, it should also present such statements in its interim report.

A16(40)(1)

Apart from the above, paragraph 40(1) of Appendix 16 to the MBLRs requires the interim report to contain certain minimum information in the notes to the income statement if not already on its face. These items are those items of "basic financial information" required in a full set of annual financial statements by paragraph 4(1) of Appendix 16 and they have been referenced in the illustrative interim financial report to that paragraph where illustrated.

CP

[5] Each item on the face of the statement of profit or loss would generally be cross-referenced to any related information in the notes.

A16(43)

[6] Where the accounting information provided in an interim financial report has not been audited, that fact must be stated. If the accounting information contained in an interim report has been audited by the listed issuer's auditors, their report thereon including any qualifications shall be reproduced in full in the interim report.

[7] Although not mentioned specifically in any HKFRSs, the implementation guidance of HKAS 8 shows the restated comparative financial statements with the heading "restated". In our view, this is necessary in order to highlight the fact that the comparative financial statements are not the same as the financial statements published previously.

HKAS 1.45, 85
HKAS 40.76(d)

[8] Neither HKAS 1 nor HKAS 40, *Investment property*, prescribe where movements in the fair value of investment properties should be presented on the face of the statement of profit or loss/the statement of profit or loss and other comprehensive income, nor whether they should be separately presented from other items of income and expense. However, once a form of presentation has been adopted by an entity, it should be followed consistently from one period to the next unless it is apparent that another presentation would be more appropriate.

HKAS 34.11A

[9] Paragraph 11A of HKAS 34 requires the basic and diluted earnings per share to be presented in the statement that presents the items of profit or loss for that interim period, i.e. the consolidated statement of profit or loss in the case of HK Listco.

HKAS 1.107, BC75

[10] HKAS 1 does not permit an entity to disclose the amount of dividends to equity owners in either the statement of profit or loss or the statement of profit or loss and other comprehensive income. Instead, as such dividends are an owner change in equity, they are required to be reported in the statement of changes in equity or in the notes. However, as it has been common place to refer to dividends in the statement of profit or loss, we expect that users will find useful a cross reference, such as is illustrated here, to where details of the dividends can be found in the financial statements.

HKAS 34.8(b), 8A, 10 & 20(b), A16(37)(2) & A16(40)(1)

Consolidated statement of profit or loss[2, 3, 4, 5] for the six months ended 30 June 2013 – unaudited[6]

(Expressed in Hong Kong dollars)

		Note	Six months ended 30 June 2013 $'000	2012 $'000 Restated[7]
A16(4)(1)(a)	**Turnover**	3 & 4	542,448	492,620
A16(4)(1)(i)	Cost of sales	5 & 10	(404,254)	(366,788)
	Gross profit		138,194	125,832
	Valuation gains on investment property		11,490	4,260
	Valuation losses on investment property		(2,360)	(1,000)
	Net valuation gain on investment property[8]	9(c)	9,130	3,260
A16(4)(1)(h)	Other revenue	5	2,131	3,986
A16(4)(1)(h)	Other net income	5	6,273	3,095
	Distribution costs		(25,281)	(23,514)
	Administrative expenses		(39,531)	(37,088)
	Other operating expenses	9(b)	(8,247)	(6,781)
	Profit from operations		82,669	68,790
A16(4)(1)(j)	Finance costs	5	(8,270)	(6,345)
A16(4)(1)(m)	Share of profits less losses of associates		2,250	1,322
A16(4)(1)(m)	Share of profits of joint venture		335	68
A16(4)(1)(b)	**Profit before taxation**	5	76,984	63,835
A16(4)(1)(c)	Income tax	6	(13,602)	(10,668)
	Profit for the period		63,382	53,167
	Attributable to:			
A16(4)(1)(e)	Equity shareholders of the company		63,174	53,083
A16(4)(1)(d)	Non-controlling interests		208	84
	Profit for the period		63,382	53,167
HKAS 34.11 & 11A	**Earnings per share[9]**	8		
A16(4)(1)(g)	Basic		$0.63	$0.53
	Diluted		$0.63	$0.53

The notes on pages 24 to 47 form part of this interim financial report. Details of dividends payable to equity shareholders of the company are set out in note 14[10].

CP

[11] Each item on the face of the statement of profit or loss and other comprehensive income would generally be cross-referenced to any related information in the notes.

HKAS 1.82A

[12] The amendments to HKAS 1, *Presentation of items of other comprehensive income*, effective for annual periods beginning on or after 1 July 2012, introduce a new requirement to present the items of other comprehensive income that may be reclassified to profit or loss in the future (e.g. realised gains or losses on available-for-sale financial assets) separately from those that would never be reclassified to profit or loss (e.g. revaluation surplus of property, plant and equipment). This amendment does not change the existing option to present total comprehensive income in one or two statements.

HKAS 1.92-94

Individual HKFRSs specify whether and when amounts that were previously recognised in other comprehensive income are reclassified to profit or loss as follows:

- Items that will not be reclassified to profit or loss:
  - changes in the revaluation surplus on property, plant and equipment recognised under paragraphs 39 and 40 of HKAS 16 or on intangible assets under paragraphs 85 and 86 of HKAS 38;
  - remeasurements of net defined benefit liability (asset) under paragraphs 120(c), 127-130 of revised HKAS 19;
- Items that may be reclassified subsequently to profit or loss:
  - gain and losses arising from translating the financial statements of a foreign operation in accordance with paragraphs 32 and 39 of HKAS 21;
  - gains and losses on re-measuring available-for-sale investments in accordance with paragraph 55 of HKAS 39; and
  - the effective portion of gains and losses on hedging instruments in a cash flow hedge or hedge of a net investment in a foreign operation in accordance with paragraphs 95 and 102 of HKAS 39.

HKAS 34.10

HKAS 1 allows reclassification adjustments be presented either in the statement of profit or loss and other comprehensive income or in the notes. This presentation choice should be applied consistently between the interim financial statements and the annual financial statements. In this illustration, HK Listco has chosen to present other comprehensive income after reclassification adjustments on the face of the statement of profit or loss and other comprehensive income, with additional disclosures of these adjustments in the notes.

HKAS 1.90-91

[13] Entities are allowed to present the items of other comprehensive income either (a) net of related tax effects, or (b) before related tax effects with one amount shown for the aggregate amount of income tax relating to those items. If an entity elects alternative (b), under paragraph 91 of HKAS 1 (modified by the amendments to HKAS 1, *Presentation of items of other comprehensive income*), it should allocate the tax between the items that may be reclassified subsequently to profit or loss and those that will not be reclassified subsequently to profit or loss.

HKAS 34.10

The choice of presenting tax effects relating to items of other comprehensive income should be applied consistently between the interim financial statements and the annual financial statements. In this illustration HK Listco has chosen to present other comprehensive income net of tax on the face of the statement of profit or loss and other comprehensive income, with additional disclosures of the tax attributable to individual items of other comprehensive income in the notes.

HKAS 34.8(b), 10 & 20(b)

Consolidated statement of profit or loss and other comprehensive income[2, 3,11] for the six months ended 30 June 2013 – unaudited[6]

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2013 $'000	Six months ended 30 June 2012 $'000 Restated[7]
Profit for the period		63,382	53,167
Other comprehensive income[12] for the period (after tax[13] and reclassification adjustments[12]):			
Item that will not be reclassified to profit or loss[12]:			
Surplus on revaluation of land and buildings held for own use	9(c)	13,618	3,416
Items that may be reclassified subsequently to profit or loss[12]:			
Exchange differences on translation of:			
- financial statements of overseas subsidiaries		(903)	397
- related borrowings		247	(100)
		(656)	297
Cash flow hedge: net movement in hedging reserve		(240)	(222)
Available-for-sale securities: net movement in fair value reserve	7	559	150
		(337)	225
Other comprehensive income for the period		13,281	3,641
Total comprehensive income for the period		76,663	56,808
Attributable to:			
Equity shareholders of the company		76,455	56,724
Non-controlling interests		208	84
Total comprehensive income for the period		76,663	56,808

The notes on pages 24 to 47 form part of this interim financial report.

HKAS 34.8(a), 10 & 20(a), A16(37)(1) & A16(40)(1)

Consolidated statement of financial position[14, 15, 16, 17] at 30 June 2013 – unaudited[6]

(Expressed in Hong Kong dollars)

		Note	At 30 June 2013		At 31 December 2012	
			$'000	$'000	$'000	$'000 Restated[7]
	Non-current assets[18]					
A16(4)(2)(a)	Fixed assets	9				
	- Investment property			75,820		66,690
	- Other property, plant and equipment			144,997		131,497
	- Interests in leasehold land held for own use under an operating leases			10,217		10,385
				231,034		208,572
	Intangible assets			16,560		14,400
	Goodwill			1,100		1,100
	Interest in associates			9,893		9,478
	Interest in joint venture			2,430		2,095
	Other financial assets			52,448		48,432
	Deferred tax assets			3,017		3,495
				316,482		287,572
A16(4)(2)(b)	**Current assets[18]**					
	Trading securities		58,176		58,020	
A16(4)(2)(b)(i)	Inventories	10	299,999		273,682	
A16(4)(2)(b)(ii)	Trade and other receivables	11	83,733		78,079	
A16(4)(2)(b)(iii)	Cash and cash equivalents	12	73,783		105,089	
			515,691		514,870	
A16(4)(2)(c)	**Current liabilities[18]**					
	Trade and other payables	13	157,727		150,356	
A16(4)(2)(c)(i)	Bank loans and overdrafts		37,651		40,314	
	Obligations under finance leases		1,099		987	
	Current taxation		3,360		6,950	
	Provisions		10,460		9,410	
			210,297		208,017	
A16(4)(2)(d)	**Net current assets**			305,394		306,853
A16(4)(2)(e)	**Total assets less current liabilities**			621,876		594,425
A16(4)(2)(f)	**Non-current liabilities[18]**					
A16(4)(2)(f)(i)	Interest-bearing borrowings		70,621		72,251	
	Obligations under finance leases		7,697		7,547	
	Net defined benefit retirement obligation		3,540		3,210	
	Deferred tax liabilities		16,655		13,850	
	Provisions		11,695		11,290	
				110,208		108,148
	NET ASSETS			511,668		486,277

		At 30 June 2013 $'000	At 31 December 2012 $'000 Restated[7]
A16(4)(2)(g)	**CAPITAL AND RESERVES**		
	Share capital	99,500	90,000
	Reserves	410,109	394,426
	Total equity attributable to equity shareholders of the company	509,609	484,426
A16(4)(2)(h)	**Non-controlling interests**	2,059	1,851
	TOTAL EQUITY	511,668	486,277

The notes on pages 24 to 47 form part of this interim financial report.

HKAS 1.10

[14] HKAS 1 uses the title "the statement of financial position" to refer to the balance sheet. If an entity decides to use this title in their financial statements, care should be taken to ensure that the title and consequential wording changes are applied consistently in the interim financial report to avoid confusion. For example, if the title "statement of financial position" is used, instead of referring to the "balance sheet date", the entity could use the phrase "end of the reporting period".

HKAS 34.10 & A16(37)(1)

[15] In accordance with paragraph 37(1) of Appendix 16 to the MBLRs, the interim statement of financial position should include, at a minimum, each of the major components of assets, liabilities and equity that were presented in the most recent published annual statement of financial position. It would therefore appear that the MBLRs allow the listed issuer to condense the interim statement of financial position to a certain extent consistent with HKAS 34. However, entities are not prohibited from disclosing more than this minimum. For example, in the above statement of financial position, each component of assets, liabilities and equity that was presented in the previous annual statement of financial position has been included for ease of comparison with that statement of financial position.

Where the interim financial report is prepared using new policies or an entity entered into transactions which have resulted in new types of, or significant, balances at the end of the interim period, management should also consider how they would reflect these in a statement of financial position for a full set of financial statements and make adjustments to the interim statement of financial position accordingly.

A16(40)(1)

In addition, paragraph 40(1) of Appendix 16 to the MBLRs requires the interim report to contain certain minimum information in the notes to the statement of financial position if not already on its face. These items are those items of "basic financial information" required in a full set of financial statements by paragraph 4(2) of Appendix 16 and they have been referenced in the illustrative interim financial report to that paragraph where illustrated.

HKAS 1.10(f)
HKAS 1.40A

[16] HKAS 1 requires entities to include a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in the annual financial statements, or when it reclassifies items in its annual financial statements and this retrospective application, restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period, i.e. a complete set of annual financial statements will include three sets of statement of financial position information in such cases. However, as noted in the Basis for Conclusions to HKAS 1, such a requirement regarding comparative information is not extended to interim financial reports prepared in accordance with HKAS 34.

HKAS 1.BC33,
HKAS 34.20

CP

[17] Each item on the face of statement of financial position would generally be cross-referenced to any related information in the notes.

HKAS 1.60 & 64

[18] Under HKAS 1, presenting assets and liabilities on a liquidity basis is only acceptable when such a presentation provides information that is reliable and more relevant than a current / non-current presentation. A mixed presentation is acceptable when an entity has diverse operations.

HKAS 34.8(c) A16(37)(4)

[19] Both the MBLRs and HKAS 34 are not explicit as to the extent of disclosure that should be made in the statement of changes in equity presented in an interim financial report. In particular, they are not explicit as to whether a reconciliation of all changes of each component of equity is required. In this illustrative interim financial report, the same level of detail is shown as that which is shown in the annual financial statements, for ease of comparison.

HKAS 34.28

Where the interim financial report is prepared using new policies or the entity entered into new or significant transactions during the interim period, management should also consider how they would reflect these in the statement of changes in equity in a full set of financial statements and make adjustments to the interim statement of changes in equity accordingly.

HKAS 1.54(q) & 106(a)

[20] As non-controlling interests in the equity of a subsidiary are presented as part of equity and not as a deduction from net assets, they should be included in the statement of changes in equity as one of the components of total equity.

CP

[21] Each item on the face of the statement of changes in equity would generally be cross-referenced to any related information in the notes.

HKAS 34.20(c)

[22] HKAS 34 requires the interim financial report to include a statement of changes in equity for the current financial year-to-date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year. For example, in an interim financial report for the six months ended 30 June 2013, the comparatives in the statement of changes in equity should, at a minimum, cover the six month period ended 30 June 2012. However, we recommend that the reconciliation of the changes in each component of equity (whether it is provided in the statement of changes in equity or in the notes) should provide additional information about the movements in the second half of the comparative interim period, to help readers link the comparative changes in equity information, which is required for the comparative interim period (i.e. here the six months ended 30 June 2012) to the comparative statement of financial position, which is prepared as of the end of the previous financial year (i.e. here as at 31 December 2012). This is particularly useful where there have been changes in accounting policies which have resulted in retrospective adjustments.

HKAS 34.8(c), 10 & 20(c)
A16(37)(4)

Consolidated statement of changes in equity[19, 20, 21] for the six months ended 30 June 2013 - unaudited[6]

(Expressed in Hong Kong dollars)

	Note	Attributable to equity shareholders of the company											
		Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Exchange reserves $'000	Property revaluation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2012		90,000	85,000	-	134	1,270	2,251	2,823	150	260,417	442,045	1,684	443,729
Impact of change in accounting policy	2	-	-	-	-	-	-	-	-	(160)	(160)	-	(160)
Restated balance at 1 January 2012		90,000	85,000	-	134	1,270	2,251	2,823	150	260,257	441,885	1,684	443,569
Changes in equity for the six months ended 30 June 2012:													
Profit for the period (restated)		-	-	-	-	-	-	-	-	53,083	53,083	84	53,167
Other comprehensive income		-	-	-	-	297	3,416	(222)	150	-	3,641	-	3,641
Total comprehensive income (restated)		-	-	-	-	297	3,416	(222)	150	53,083	56,724	84	56,808
Dividends approved in respect of the previous year	14(a)	-	-	-	-	-	-	-	-	(45,000)	(45,000)	-	(45,000)
Restated balance at 30 June 2012 and 1 July 2012		90,000	85,000	-	134	1,567	5,667	2,601	300	268,340	453,609	1,768	455,377
Changes in equity for the six months ended 31 December 2012[22]:													
Profit for the period (restated)		-	-	-	-	-	-	-	-	53,098	53,098	83	53,181
Other comprehensive income (restated)		-	-	-	-	281	2,896	(223)	150	(10)	3,094	-	3,094
Total comprehensive income (restated)		-	-	-	-	281	2,896	(223)	150	53,088	56,192	83	56,275
Equity settled share-based transactions	14(d)	-	-	-	1,625	-	-	-	-	-	1,625	-	1,625
Dividends declared in respect of the current year	14(a)	-	-	-	-	-	-	-	-	(27,000)	(27,000)	-	(27,000)
Restated balance at 31 December 2012		90,000	85,000	-	1,759	1,848	8,563	2,378	450	294,428	484,426	1,851	486,277

	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Exchange reserves $'000	Property revaluation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to equity shareholders of the company											
Balance at 1 January 2013		90,000	85,000	-	1,759	1,848	8,563	2,378	450	294,428	484,426	1,851	486,277
Changes in equity for the six months ended 30 June 2013:													
Profit for the period		-	-	-	-	-	-	-	-	63,174	63,174	208	63,382
Other comprehensive income		-	-	-	-	(656)	13,618	(240)	559	-	13,281	-	13,281
Total comprehensive income		-	-	-	-	(656)	13,618	(240)	559	63,174	76,455	208	76,663
Dividends approved in respect of the previous year	14(a)	-	-	-	-	-	-	-	-	(49,500)	(49,500)	-	(49,500)
Capitalisation issue	14(b)	10,000	(10,000)	-	-	-	-	-	-	-	-	-	-
Purchase of own shares:	14(c)												
- par value paid		(500)	-	-	-	-	-	-	-	-	(500)	-	(500)
- premium paid		-	-	-	-	-	-	-	-	(2,830)	(2,830)	-	(2,830)
- transfer between reserves		-	-	500	-	-	-	-	-	(500)	-	-	-
Equity settled share-based transactions	14(d)	-	-	-	1,558	-	-	-	-	-	1,558	-	1,558
Balance at 30 June 2013		99,500	75,000	500	3,317	1,192	22,181	2,138	1,009	304,772	509,609	2,059	511,668

The notes on pages 24 to 47 form part of this interim financial report.

HKAS 34.8(d), 20(d), A16(37)(3)

Condensed consolidated cash flow statement [23, 24] for the six months ended 30 June 2013 – unaudited[6]

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2013 $'000	2012 $'000
Cash generated from operations		60,135	47,756
Tax paid		(14,927)	(12,650)
Net cash generated from operating activities		45,208	35,106
Net cash used in investing activities		(11,840)	(11,920)
Net cash used in financing activities		(61,628)	(51,590)
Net decrease in cash and cash equivalents		(28,260)	(28,404)
Cash and cash equivalents at 1 January	12	102,300	122,650
Effect of foreign exchanges rates changes		(1,625)	763
Cash and cash equivalents at 30 June	12	72,415	95,009

The notes on pages 24 to 47 form part of this interim financial report.

A16(37)(3) [23] Paragraph 37(3) of Appendix 16 to the MBLRs states that the interim cash flow statement should include, at a minimum, the major subtotals of cash flows that were presented in the most recent published annual cash flow statement. It would therefore appear that both listed and non-listed companies may present a condensed cash flow statement, as illustrated above.

CP [24] Each item on the face of the cash flow statement would generally be cross-referenced to any related information in the notes.

HKAS 34.8(e)
A16(37)(6)

Notes to the unaudited interim financial report[25]

(Expressed in Hong Kong dollars unless otherwise indicated)[26]

1 BASIS OF PREPARATION

CP

HKAS 34.19
A16(38)

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA)[27]. It was authorised for issue on 25 August 2013[28].

HKAS 34.16A(a)
A16(38)

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements. Details of these changes in accounting policies are set out in note 2.

HKAS 34.5-25

[25] HKAS 34 presumes that the user of an entity's condensed interim financial report will also have access to its most recent annual financial statements. Therefore, in general the level of detail of disclosure in condensed interim financial reports is expected to be less than that in the annual financial statements, and it is not necessary for an interim financial report to duplicate information previously reported in the annual financial statements or to provide relatively insignificant updates to the information previously reported. In this regard, paragraphs 8 to 25 of HKAS 34 provide guidance on the minimum components of an interim financial report and selected explanatory notes.

Specifically paragraphs 10 and 15 of HKAS 34 require that the entity should consider whether there are additional line items or notes which should be included if their omission would make the condensed interim financial report misleading and whether there are any events or transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period and need to be disclosed. In this regard, paragraph 15B of HKAS 34 provides a list of events and transactions for which disclosures would be required if they are significant. As specified by paragraph 15B, this list is not exhaustive. There may be other instances where additional disclosures may be required. For example, in our view, where an entity's financial risk management objectives and policies and/or its financial risk exposures change significantly during the interim period, additional disclosures similar to those required by HKFRS 7 may need to be provided in the condensed interim financial report.

CP

[26] Generally, interim financial reports should be prepared using a consistent level of precision. That is, if the primary statements are presented in, for example, round thousands, then any note disclosures which support the primary statements, such as further analyses of income statement or balance sheet captions, would also generally be presented in round thousand amounts, so as to exactly reconcile to the amounts disclosed in the primary statements. However, occasionally it may be appropriate to present specific items of information in the interim financial report using different levels of precision from that used generally. An example of such disclosure is in note 17 to this illustrative interim financial report where HK Listco discloses the estimated financial effect of a contingent liability in $millions due to the uncertainties involved in estimating the outcome. In such case, the level of precision used should be clearly disclosed and care should be taken to ensure that material information is not omitted.

HKAS 34.19, 7 & 9

[27] If the interim financial report of an entity is in compliance with HKAS 34, that fact should be disclosed.

With the exception of this statement in respect of HKAS 34, an interim financial report should not be described as complying with HKFRSs unless it complies with all of the requirements of each applicable HKFRSs, i.e. only if the interim financial report includes a complete set of financial statements as described in HKAS 1 and includes all of the disclosures required by individual HKFRSs, in addition to the supplementary disclosures required by HKAS 34. An interim financial report that comprises condensed interim financial statements and selected explanatory notes would not satisfy this requirement.

CP

[28] As with annual financial statements, it is important for users to know when an interim financial report was authorised for issue, as the interim financial report does not reflect events after this date. Accordingly, although not mandatory, we recommend entities disclose such information.

CP The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

CP This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2012 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs. [27]

A16(43)
CP The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 48.

CP The financial information relating to the financial year ended 31 December 2012 that is included in the interim financial report as being previously reported information does not constitute the company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2012 are available from the company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 March 2013.

2 CHANGES IN ACCOUNTING POLICIES[29, 30]

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the group and the company. Of these, the following developments are relevant to the group's financial statements:

CP

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 11, *Joint arrangements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*
- Revised HKAS 19, *Employee benefits*
- *Annual Improvements to HKFRSs 2009-2011 Cycle*
- Amendments to HKFRS 7 – *Disclosures – Offsetting financial assets and financial liabilities*

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

A16(37): Note 37.4

[29] Note 37.4 to paragraph 37 of Appendix 16 to the MBLRs requires a listed issuer to apply the same accounting policies in its interim financial report as are applied in its most recent annual financial statements except where a change in accounting policy is required by an accounting standard which came into effect during the interim period. A literal interpretation of this requirement would appear to prevent a listed issuer from voluntarily changing its accounting policy during an interim period. However, it is our understanding that a listed issuer may voluntarily change its accounting policies as long as the policy change is in accordance with HKAS 8, *Accounting policies, changes in accounting estimates and errors*, and the change is to be reflected in the entity's next annual financial statements.

HKAS 34.16A A16(37): Note 37.4 & A16(38): Note 38.1

[30] In accordance with paragraph 16A(a) of HKAS 34, and notes 37.4 and 38.1 to paragraphs 37-38 of Appendix 16 to the MBLRs, when entities change their accounting policies and methods of computation for their interim financial report, as compared to the most recent annual financial statements, they should describe the reason for the change and the nature and effect of such changes. Note 38.1 to paragraph 38 of Appendix 16 to the MBLRs also requires that where it is not possible to quantify the effects of the change or the effects are not significant, this should be stated.

In our view, when making these disclosures consideration should be given to the requirements found in paragraphs 28-29 of HKAS 8, which set out a list of specific information to be disclosed in a complete set of financial statements when an entity changes its accounting policies. However, HKAS 34 leaves management some discretion to decide the extent to which the disclosures in the condensed interim financial report should satisfy all of the requirements applicable to a complete set of financial statements and therefore a variety of methods and styles of presentation may be acceptable provided they comply with the MBLRs and HKAS 34. In addition, as confirmed in paragraph BC33 of HKAS 1, there is no specific requirement to include in the interim financial report additional statement of financial position information as at the start of the comparative period when comparatives have been restated (see footnote 37 on page 26 of the December 2012 edition of *Illustrative annual financial statements under Hong Kong Financial Reporting Standards* for details of the requirements applicable to the annual financial statements in this regard).

In this interim financial report we have described a range of changes relevant to the group, which have varying impacts on the group's financial statements and the interim financial report. However, there may be other changes in accounting policies which an entity needs to disclose but which have not been illustrated here and/or the impact of the changes highlighted may vary from one entity to another, depending on their facts and circumstances. Care should be taken to tailor the disclosures to suit the entity's circumstances.

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The group's presentation of other comprehensive income in these financial statements has been modified accordingly.[12 on page 16]

HKFRS 10, Consolidated financial statements

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

As a result of the adoption of HKFRS 10, the group has changed its accounting policy with respect to determining whether it has control over an investee. [The adoption does not change any of the control conclusions reached by the group in respect of its involvement with other entities as at 1 January 2013[31]]. *[Or describe the effect of the change in accounting policy resulting from the adoption as appropriate, e.g. in cases where the group has de facto control over investees and under the requirements of HKFRS 10 those investees have been consolidated for the first time in this interim financial report.]*

HKFRS 11, Joint arrangements

HKFRS 11, which replaces HKAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its

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HKFRS 10.C2B

[31] For the purposes of HKFRS 10, the "date of initial application" is the beginning of the annual reporting period for which the standard is adopted for the first time. At this date, an entity tests whether there is a change in the control conclusion for its investees. The standard is effective for annual periods beginning on or after 1 January 2013. If an entity with a calendar year-end has not early adopted HKFRS 10, then the "date of initial application" is 1 January 2013. If the control conclusion does not change, no adjustment to comparatives is necessary. If the control conclusion changes (either the entity consolidates an investee previously not consolidated under HKAS 27 or HK-SIC 12, or it no longer consolidates an investee that was previously consolidated under HKAS 27 or HK-SIC 12), then retrospective adjustments should be made in accordance with HKFRS 10.C4-C6.

joint arrangements. [The group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the group.] *[Or describe other impacts of adopting HKFRS 11 as appropriate, e.g. in cases where the joint venture was previously proportionately consolidated and is now required to be equity-accounted for, or the jointly controlled entity has been reclassified as joint operation under HKFRS 11[32].]*

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. [Since those disclosure requirements only apply to a full set of financial statements, the group has not made additional disclosures in this interim financial report as a result of adopting HKFRS 12.] *[Or describe the additional disclosures made in accordance with HKFRS 12 under the principles of HKAS 34.15.]* [33]

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial

HKFRS 11.C2-C11

[32] HKFRS 11 is effective for annual periods beginning on or after 1 January 2013. Generally the standard requires retrospective application, but it provides specific transitional provisions for certain situations, including the following:

- If as a result of adopting HKFRS 11, an entity changes its accounting for an investment in joint venture from proportionate consolidation to the equity method, the transitional provisions in HKFRS 11.C2-C6 should be followed.
- If an entity changes from the equity method to line-by-line accounting in respect of an interest in a joint operation, the transitional provisions in HKFRS 11.C7-C11 will then apply.

HKFRS 11.C2-C11 contain specific transition disclosures which are required to be given in a complete set of financial statements. So far as condensed interim financial reports are concerned, as discussed in footnote 30, entities need to decide the extent to which the disclosures in the interim financial reports should satisfy the requirements applicable to a complete set of financial statements, bearing in mind the requirements of HKAS 34.16A(a) and paragraph 38 of Appendix 16 to the MBLRs.

HKAS 34.15

[33] HKFRS 12 did not consequentially amend HKAS 34 and therefore the disclosures required by HKFRS 12 are not automatically required in condensed interim financial reports. However, HKAS 34.15 requires an entity to disclose events and transactions that are significant to an understanding of changes in the financial position and performance. This disclosure includes an explanation and update to relevant information presented in the most recent annual financial statements. Therefore, when preparing condensed interim financial reports in the first annual period in which new or revised HKFRSs become effective, an entity may consider expanding the disclosures for certain items or transactions with reference to the new disclosure requirements that will be applied in the next annual financial statements. For example, in the case of HKFRS 12, the standard introduces disclosures relating to interests in unconsolidated structured entities which were not previously required by HKAS 27 and therefore not available in the most recent annual financial statements. An entity having interests in unconsolidated structured entities may provide those disclosures if it is considered that such information is significant to an understanding of changes in the financial position and performance.

HKFRS 12 is effective for annual periods beginning on or after 1 January 2013 with retrospective application required. As an exception to this, in the first year of adoption, entities need not provide comparative information for the disclosure in respect of interests in unconsolidated structured entities.

instruments in the interim financial reports. The group has provided those disclosures in note 15[34]. [The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the group's assets and liabilities.] *[Or describe the effect if the adoption of HKFRS 13 has impacted the fair value measurements of the entity's assets and/or liabilities.]*

Revised HKAS 19, Employee benefits

Revised HKAS 19 introduces a number of amendments to the accounting for defined benefit plans. Among them, revised HKAS 19 eliminates the "corridor method" under which the recognition of actuarial gains and losses relating to defined benefit schemes could be deferred and recognised in profit or loss over the expected average remaining service lives of employees. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. Revised HKAS 19 also changed the basis for determining income from plan assets from expected return to interest income calculated at the liability discount rate, and requires immediate recognition of past service cost, whether vested or not.

[As a result of the adoption of revised HKAS 19, the group has changed its accounting policy with respect to defined benefit plans, for which the corridor method was previously applied. This change in accounting policy has been applied retrospectively by restating the balances at 31 December 2012, and the result for the six months ended 30 June 2012 as follows:[35]

	As previously reported $'000	Effect of adopting revised HKAS 19 $'000	As restated $'000
Consolidated statement of profit or loss for the six months ended 30 June 2012:			
Defined benefit retirement plan expense	6,189	(5)	6,184
Profit for the period	53,162	5	53,167
Consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2012:			
Total comprehensive income for the period	56,803	5	56,808
Consolidated statement of financial position as at 31 December 2012:			
Net defined benefit retirement obligation	3,050	160	3,210
Total non-current liabilities	107,988	160	108,148
Net assets / Total equity	486,437	(160)	486,277
Retained profits	294,588	(160)	294,428

This change in accounting policy does not have any material impact on current or deferred taxation and earnings per share.]

[Or describe any other effects of adopting revised HKAS 19 as appropriate.]

HKAS 34.16A(j)

[34] HKFRS 13's consequential amendments to HKAS 34, which are included in paragraph 16A(j) of HKAS 34, require fair value disclosures for financial instruments in the interim financial report. Please see footnotes 46-57 and note 15 for details and illustration of those disclosure requirements.

Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (CODM) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. [In respect of this amendment, the group has continued to disclose segment assets and now also discloses segment liabilities in note 3.] OR [The amendment does not have any impact on the segment disclosure of the group because the group does not have any reportable segments with total assets or total liabilities materially different from the amounts reported in the last annual financial statements]. *[Or describe the impacts as appropriate, e.g. in cases where the entity now excludes the disclosure of segment assets on the basis that the amounts are not regularly provided to the CODM.]*

Amendments to HKFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

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

The adoption of the amendments does not have an impact on the group's interim

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HKAS 34.B9, C4
HKAS 19.BC58-BC64

[35] In this illustrative interim financial report, we have assumed that there have not been significant changes to HK Listco's defined benefit plans or unexpected significant changes in market conditions during the interim periods and therefore an actuarial valuation has not been performed at the interim reporting dates. HK Listco's net defined benefit liability at the interim reporting dates has been determined by adjusting the opening statement of financial position for the interim period's service cost, net interest on the defined benefit liability and contributions to the plans. The net defined benefit liability was not remeasured at the interim reporting dates. As a result, the elimination of the corridor method does not impact HK Listco's consolidated statement of profit or loss and other comprehensive income for the interim periods, other than eliminating the actuarial gains or losses that would have been amortised and recognised in profit or loss during the interim periods under the corridor method. However, in other cases, for example, where the entity obtains an updated actuarial valuation at each interim reporting date, the adoption of the revised accounting policy may have material and various impacts on the statement of profit or loss and other comprehensive income for the interim periods.

HKFRS 7.13A, B40-41, BC24F-24I

[36] The disclosures introduced by the amendments to HKFRS 7 are required for all recognised financial instruments that are set off in accordance with HKAS 32. In addition, financial instruments are within the scope of the disclosure requirements if they are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether they are set off in accordance with HKAS 32. In accordance with paragraph B41 of the Application Guidance attached to HKFRS 7, loans and customer deposits at the same institution and financial instruments that are subject only to a collateral agreement are outside the scope of the disclosures introduced by the amendments. Paragraphs BC24F-24I of the Basis for Conclusions to HKFRS 7 discuss the IASB's rationale for this scope exclusion.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. Entities are required to provide the disclosures required by the amendments retrospectively.

financial report because the group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7[36].

HKAS 34.16A(g), A16(4)(3)

3 SEGMENT REPORTING[37]

HKAS 34.16A(g)(v) The group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the group's most senior executive management for the purposes of resource allocation and performance assessment, the group has identified six reportable segments. No operating segments have been aggregated to form the following reportable segments.

HKAS 34.16A(g)

[37] HKFRS 8 applies primarily to entities whose debt or equity securities are listed or quoted in a public market. Entities that fall outside the scope of HKFRS 8 may provide information about segments on a voluntary basis. However, if this information does not comply fully with HKFRS 8, then, as per paragraph 3 of HKFRS 8, this information should not be described as "segment information". Further details of the requirements of HKFRS 8 can be found in footnotes 72-87 to the December 2012 edition of *Illustrative annual financial statements under Hong Kong Financial Reporting Standards*.

An entity that discloses segment information in its annual financial statements in accordance with HKFRS 8 should disclose the following in its condensed interim financial report prepared in accordance with HKAS 34:

a) a measure of segment profit or loss;
b) revenues from external customers and inter-segment revenues, if included in the measure of segment profit or loss reviewed by, or otherwise provided regularly to, the chief operating decision maker (CODM);
c) a measure of total assets and total liabilities for a particular reportable segment if such amounts are regularly provided to the CODM and if there has been material change from the amount disclosed in the last annual financial statements for that reportable segment;
d) any change in the basis of segmentation or the basis of measuring segment profit or loss; and
e) a reconciliation between the total of the reportable segments' measure of profit or loss to the entity's profit or loss before tax and discontinued operations.

Please note that the disclosure requirement for segment assets and segment liabilities (i.e. item (c) above) reflects amendments made by *Annual Improvements to HKFRSs 2009-2011 Cycle*, which is effective for annual periods beginning on or after 1 January 2013. The amendment clarifies that segment assets are required to be disclosed only if the amounts are regularly provided to the CODM *and* there has been material change in the amounts compared with the last annual financial statements. It also requires the disclosure of segment liabilities which was not previously required. In this illustrative interim financial report, HK Listco has chosen to continue disclosing both its segment assets and segment liabilities as a matter of course.

(a) Information about profit or loss, assets and liabilities

Information regarding the group's reportable segments as provided to the group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

		Electronics – Hong Kong		Electronics – South East Asia		Electronics – Rest of the world		Property leasing		Property development		Construction contracts		Total	
	For the six months ended	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
HKAS 34.16A(g)(i)	Revenue from external customers	305,218	264,188	67,670	55,225	100,000	100,806	4,267	3,105	52,597	60,383	24,660	15,798	554,412	499,505
HKAS 34.16A(g)(ii)	Inter-segment revenue	52,055	51,953	625	464	-	-	-	-	-	-	-	-	52,680	52,417
	Reportable segment revenue	357,273	316,141	68,295	55,689	100,000	100,806	4,267	3,105	52,597	60,383	24,660	15,798	607,092	551,922
HKAS 34.16A(g)(iii)	**Reportable segment profit (adjusted EBITDA)**	47,079	42,705	10,448	9,424	14,628	13,193	12,710	5,847	17,129	16,645	2,491	1,581	104,485	89,395
	Impairment of plant and machinery	-	-	-	-	-	-	-	-	(1,200)	-	-	-	-	-
	As at 30 June / 31 December														
HKAS 34.16A(g)(iv)	**Reportable segment assets**	286,904	279,421	60,177	56,900	84,292	81,050	78,057	69,036	137,715	133,386	55,700	58,540	702,845	678,333
HKAS 34.16A(g)(iv)	**Reportable segment liabilities**	143,202	142,104	46,848	44,617	30,670	29,490	10,160	10,164	48,590	50,510	570	1,067	280,040	277,952

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA the group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, directors' and auditors' remuneration and other head office or corporate administration costs.

(b) Reconciliations of reportable segment profit or loss

HKAS 34.16A(g)(vi)

	Six months ended 30 June 2013 $'000	2012 $'000 (restated)
Reportable segment profit	104,485	89,395
Elimination of inter-segment profits	(13,170)	(13,103)
Reportable segment profit derived from group's external customers and joint venture	91,315	76,292
Share of profits less losses of associates	2,250	1,322
Other revenue and net income	8,404	7,081
Depreciation and amortisation	(8,622)	(7,614)
Finance costs	(8,270)	(6,345)
Impairment losses on non-current assets	(1,292)	-
Unallocated head office and corporate expenses	(6,801)	(6,901)
Consolidated profit before taxation	76,984	63,835

HKAS 34.16A(b)

4 SEASONALITY OF OPERATIONS[38]

The group's Electronics division, which comprises three reportable segments (see note 3), on average experiences 20-30% higher sales in the fourth quarter, compared to other quarters in the year, due to the increased retail demand for its products during the Christmas holiday period. The group anticipates this demand by increasing its production to build up inventories during the second half of the year. Excess inventory still held at the end of the holiday season is sold off at reduced prices in the first quarter of the following year. As a result, this division of the group typically reports lower revenues and segment results for the first half of the year, than the second half.

HKAS 34.21

For the twelve months ended 30 June 2013, the Electronics division reported revenue of $998,204,000 (twelve months ended 30 June 2012: $852,306,000), and gross profit of $252,311,000 (twelve months ended 30 June 2012: $214,459,000).

5 PROFIT BEFORE TAXATION

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

	Six months ended 30 June 2013 $'000	2012 $'000
(a) Finance costs		
A16(4)(1)(j) Interest on borrowings	10,107	7,800
Less: interest expense capitalised into properties under development	(1,888)	(1,515)
	8,219	6,285
Other finance costs	51	60
Total finance costs	8,270	6,345

HKAS 34.16A(b) & 21

[38] Paragraph 16A(b) of HKAS 34 requires an entity to explain any seasonality or cyclicality of its interim operations.

In addition, paragraph 21 of HKAS 34 encourages entities with highly seasonal business to supplement the required disclosures with financial information for the 12-month period ending on the interim reporting date, as well as comparatives. There is no guidance on what additional information might be provided and in our view such information may be limited to the information that is affected by seasonality, such as revenue and gross margin.

		Six months ended 30 June	
		2013	2012
		$'000	$'000
	(b) Other items[39]		
A16(4)(1)(k)	Amortisation	1,508	918
A16(4)(1)(k)	Depreciation	7,114	6,696
	Research and development costs (other than amortisation)	2,780	2,400
HKAS 34.15B(a)	Inventory write-down and losses net of reversals (note 10)	6,397	5,287
A16(4)(1)(h)	Dividend and interest income	(1,932)	(2,837)
A16(4)(1)(l)	Net realised and unrealised gains on trading securities	(4,296)	(2,140)
A16(4)(1)(l)	Net profit on sale of available-for-sale securities	(653)	-

A16(4)(1)(c)

6 INCOME TAX

	Six months ended 30 June	
	2013	2012
	$'000	$'000
Current tax - Hong Kong Profits Tax	7,261	7,299
Current tax - Overseas	4,076	3,452
Deferred taxation	2,265	(83)
	13,602	10,668

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2012: 16.5%) to the six months ended 30 June 2013. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

[39] As explained in footnote 4 on page 14, paragraph 40(1) of Appendix 16 to the MBLRs requires certain minimum information concerning the income statement to be included on the face of the income statement or in the notes to the interim financial report. The information to be disclosed in this regard is set out in paragraph 4(1) of Appendix 16. However, paragraph 4 states that an entity shall disclose "at least" this information, indicating that the list of items in paragraph 4(1) is not intended to be exhaustive. For example, while paragraph 4(1)(i) requires disclosure of costs of goods sold, and 4(1)(k) requires depreciation/amortisation, an entity may consider it appropriate to disclose other items of operating expense such as research and development costs or salaries and wages which are also separately disclosed in the annual financial statements. Such additional disclosure is only mandatory in the interim financial report if its omission would make the condensed interim financial statements misleading (as per HKAS 34.10).

7 OTHER COMPREHENSIVE INCOME

HKAS 34.15

(a) Available-for-sale securities[40]

	Six months ended 30 June 2013 $'000	2012 $'000
Changes in fair value recognised during the period	1,212	100
Reclassification adjustments for amounts transferred to profit or loss:		
- gains on disposal	(653)	-
- impairment losses	-	50
Net movement in the fair value reserve during the period recognised in other comprehensive income	559	150

8 EARNINGS PER SHARE

(a) Basic earnings per share

CP

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of $63,174,000 (six months ended 30 June 2012: $53,083,000) and the weighted average of 99,724,000 ordinary shares (2012: 100,000,000 shares, after adjusting for the capitalisation issue in 2013)[41] in issue during the interim period.

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[40] Paragraph 10 of HKAS 34 requires additional notes to be included if their omission would make the condensed financial statements misleading and paragraph 15 of HKAS 34 requires that explanatory notes shall disclose events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. It is therefore necessary to exercise judgement to decide which of the note disclosures given in the full financial statements are necessary. In this regard, an entity may consider it appropriate, for example, to disclose details of the reclassification adjustments made in respect of disposals and impairments of available-for-sale investments as per HKAS 1.92 and HKFRS 7.20, in order to reconcile the amounts of gains or losses on those investments recognised in profit or loss with the amounts recognised in other comprehensive income and the net movement on the fair value reserve in equity.

HKAS 33.64

[41] Paragraph 64 of HKAS 33 requires that if the number of ordinary or potential ordinary shares outstanding changes as a result of a capitalisation, bonus issue, share split or reverse share split, the basic and diluted earnings per share of all periods presented should be adjusted retrospectively. Paragraph 64 also states that this requirement applies if such changes occur after the end of the reporting period but before the financial statements are authorised for issue. The fact that per share calculations reflect such post balance sheet changes in the number of shares should be disclosed.

Paragraph 26 sets out a more general requirement in this regard, that in the calculation of the weighted average number of shares used in the per share calculation, the weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources. Paragraph 27 lists examples of such events, which include all those mentioned in paragraph 64 (i.e. capitalisation or bonus issue, share split or reverse share split) as well as a 4th category of "a bonus element in any other issue, for example a bonus element in a rights issue to existing shareholders". Guidance on how to make adjustments for bonus elements can be found in HKAS 33 as follows:

- paragraph A2 of the application guidance attached to HKAS 33 describes how to compute such a bonus element using the fair value immediately before the exercise of the rights and the theoretical ex-rights fair value per share; and
- example 4 of the illustrative examples accompanying HKAS 33 illustrates how to compute the EPS, including restating the comparative EPS, when there has been a rights issue during the period.

(b) Diluted earnings per share

CP

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of $63,437,000 (six months ended 30 June 2012: $53,345,000) and the weighted average number of ordinary shares of 100,510,000 (2012: 100,500,000 shares, after adjusting for the capitalisation issue in 2013[41]).

9 FIXED ASSETS

HKAS 34.15B(d)

(a) Acquisitions and disposals

During the six months ended 30 June 2013, the group acquired items of plant and machinery with a cost of $6,816,000 (six months ended 30 June 2012: $6,353,000). Items of plant and machinery with a net book value of $416,000 were disposed of during the six months ended 30 June 2013 (six months ended 30 June 2012: $nil), resulting in a loss on disposal of $42,000 (six months ended 30 June 2012: $nil).

HKAS 34.15B(b)

(b) Impairment losses

During the six months ended 30 June 2013, a number of machines in the property development division[42] were physically damaged. The group assessed the recoverable amounts of those machines and as a result the carrying amount of the machines was written down by $1,200,000 (included in "Other operating expenses"). The estimates of recoverable amount were based on the machines' fair values less costs of disposal, determined by reference to selling price obtained from recent market transactions of similar assets within the same industry.[43]

HKAS 36.130 (c)(ii)

[42] If an entity reports segment information in accordance with HKFRS 8, it should disclose for each material impairment loss recognised or reversed during the period for an individual asset the reportable segment to which the asset belongs.

HKAS 34.C7

[43] Paragraph 41 of HKAS 34 accepts that the preparation of an interim financial report will require a greater use of estimation methods than annual financial reports and Appendix C to HKAS 34 gives relying on professionally qualified valuers only at the annual reporting date, rather than at each interim date, as an example of this. In this respect the following should be noted:

- The interim report is required to be presented using the same accounting policies as the entity applies in its annual financial statements (HKAS 34.28). Therefore, in principle, the carrying value of assets measured at fair value, for example investment property, should be the fair value of those assets as at the interim reporting date.
- HKAS 34 also requires that the measurement procedures to be followed in an interim report shall be designed to ensure that the resulting information is reliable (HKAS 34.41).

In this interim financial report we have assumed that management has engaged its professional valuers at the interim date to provide up to date valuations of the properties. However, extrapolations based on a review for indications of significant changes in the value since the previous annual reporting date may be sufficient for an interim financial report depending on, for example, the volatility of the property market and the availability of market data on comparable properties. As is the case in the preparation of the annual financial statements under HKAS 40 (see HKAS 40.32) and HKAS 16 (see HKAS 16.34), management should exercise their judgement as to whether they are able to arrive at sufficiently reliable measures of their property portfolio at the interim reporting date without the involvement of an expert.

In addition, although HKFRS 13 disclosures are not required for non-financial assets in the interim financial reports, entities should consider whether to provide some of those disclosures if thought that such information is significant to an understanding of changes in financial position and performance, e.g. if the valuation of the properties is a Level 3 fair value measurement and the fair value measurement is highly sensitive to changes in unobservable inputs.

(c) Valuation

Investment properties and land and buildings held for own use carried at fair value were revalued at 30 June 2013 at their open market value. The valuations were carried out by an independent firm of surveyors, Lang and Associates, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. As a result of the update, a net gain of $9,130,000 (2012: $3,260,000), and deferred tax thereon of $1,479,000 (2012: $460,000), has been recognised in profit or loss for the period in respect of investment properties and a net-of-tax amount of $13,618,000 (2012: $3,416,000) has been recognised in other comprehensive income for the period in respect of land and buildings held for own use.

10 INVENTORIES

HKAS 34.15B(a)

During six months ended 30 June 2013, $1,500,000 (2012: $nil) has been recognised as a reduction in the amount of inventories recognised as an expense in profit or loss during the period, being the amount of reversal of a write-down of inventories to estimated net realisable value. This reversal arose due to an increase in the estimated net realisable value of certain electronic goods as a result of a change in consumer preferences.

11 TRADE AND OTHER RECEIVABLES

A16(4)(2)(b)(ii) As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for doubtful debts, is as follows[44]:

	At 30 June 2013 $'000	At 31 December 2012 $'000
Within 1 month	40,412	32,621
1 to 2 months	27,737	25,697
2 to 3 months	3,140	2,847
Over 3 months	3,701	2,550
Trade debtors and bills receivable, net of allowance for doubtful debts	74,990	63,715
Other debtors	2,231	2,298
Loans and receivables	77,221	66,013
Derivative financial instruments	2,257	3,613
Deposits and prepayments	455	190
Gross amount due from customers for contract work	3,800	8,263
	83,733	78,079

A16(4)(2)(b)(ii) Trade debtors and bills receivable are due within [•] days from the date of billing. Debtors with balances that are more than [•] months past due are requested to settle all outstanding balances before any further credit is granted.

A16(4)(2)(b)(ii), A16(4)(2)(c)(ii) 44 For Main Board listed issuers, the MBLRs require disclosure of the group's credit policy and an ageing of accounts receivable and payable in both the annual and the interim financial statements. The requirements in the MBLRs do not specify the basis to be used in preparing the ageing analyses. However, the review report published by the HKEx on their 2012 financial statements review programme included recommendations on the basis of the ageing analysis of accounts receivables as follows:

"the analysis should normally be presented on the basis of the revenue recognition date, which is usually the invoice date, and categorised into time-bands that are appropriate for the business (e.g. where the credit period is 30 days from the revenue recognition date, the ageing analysis could be categorised into 30 days, 60 days, 90 days, 120 days etc.)" (section 17(a), page 7 of the report)

In this regard, listed entities should take into account the above recommendations when preparing the ageing analyses.

As of the time of writing, there is no guidance or recommendation as to whether the ageing of accounts receivable should be before or after recognition of impairment losses. Listed entities are therefore recommended, as a matter of best practice, to clearly state which approach has been adopted in this respect.

12 CASH AND CASH EQUIVALENTS

		At 30 June 2013 $'000	At 31 December 2012 $'000
	Deposits with banks and other financial institutions	45,760	53,060
A16(4)(2)(b)(iii)	Cash at bank and in hand	28,023	52,029
	Cash and cash equivalents in the statement of financial position	73,783	105,089
	Bank overdrafts	(1,368)	(2,789)
	Cash and cash equivalents in the cash flow statement	72,415	102,300

13 TRADE AND OTHER PAYABLES

A16(4)(2)(c)(ii) As of the end of the reporting period, the ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on the invoice date, is as follows:[44 on page 38]

	At 30 June 2013 $'000	At 31 December 2012 $'000
Within 1 month	92,025	87,435
1 to 3 months	46,584	45,962
Over 3 months but within 6 months	1,370	1,106
Total creditors and bills payable	139,979	134,503
Other creditors and accrued charges	766	504
Dividends payable on redeemable preference shares	100	100
Amounts due to ultimate holding company and fellow subsidiaries	8,000	8,700
Financial liabilities measured at amortised cost	148,845	143,807
Derivative financial instruments	290	243
Financial guarantees issued	7	8
Gross amount due to customers for contract work	1,515	915
Advance received	59	124
Forward sales deposits and instalments received	7,011	5,259
	157,727	150,356

14 CAPITAL, RESERVES AND DIVIDENDS

HKAS 34.16A(f)
A16(4)(1)(f)

(a) Dividends

(i) Dividends payable to equity shareholders attributable to the interim period

	2013 $'000	2012 $'000
Interim dividend declared and paid after the interim period of 30 cents per share (2012: 30 cents per share)	29,910	27,000

The interim dividend has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June 2013 $'000	 2012 $'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of 55 cents per share (six months ended 30 June 2012: 50 cents per share)	49,500	45,000

(iii) Dividends on redeemable preference shares issued by the company

Dividends on redeemable preference shares are paid semi-annually in arrears at a rate of 5% per annum of the shares' par value on 30 June and 31 December each year as from their issue date of 1 January 2012. Dividends of $100,000 were recognised as an expense in finance costs for the six months ended 30 June 2013 (six months ended 30 June 2012: $100,000). Dividends of $100,000 were accrued but unpaid as at 30 June 2013 (31 December 2012: $100,000).

(b) Capitalisation issue

On 8 January 2013, an amount of $10,000,000 standing to the credit of the share premium account was applied in paying up in full 10,000,000 ordinary shares of $1 each, which were allotted and distributed as fully paid to existing shareholders in the proportion of one for every nine shares then held.

(c) Purchase of own shares

A16(41)(1)
HKAS 34.16A(e)

During the interim period, the company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share $	Lowest price paid per share $	Aggregate price paid $'000
February 2013	300,000	6.65	6.55	1,980
May 2013	200,000	6.80	6.70	1,350
				3,330

The repurchased shares were cancelled and accordingly the issued share capital of the company was reduced by the nominal value of these shares. Pursuant to section 49H of the Hong Kong Companies Ordinance, an amount equivalent to the par value of the shares cancelled of $500,000 was transferred from the retained profits to the capital redemption reserve[45]. The premium paid on the repurchase of the shares of $2,830,000 was charged to the retained profits.

(d) Equity settled share-based transactions

On 1 May 2013, 500,000 share options were granted for nil consideration to employees of the company under the company's employee share option scheme (no share options were granted during the six months ended 30 June 2012). Each option gives the holder the right to subscribe for one ordinary share of $1 each of the company. These share options will vest on 30 April 2014, and then be exercisable until 2016. The exercise price is $6.5, being the weighted average closing price of the company's ordinary shares immediately before the grant.

No options were exercised during the six months ended 30 June 2013 (2012: nil).

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[45] The requirement to transfer an amount to the capital redemption reserve is applicable to Hong Kong incorporated companies as set out in section 49H of the Companies Ordinance. For overseas incorporated companies, the relevant overseas legislation in relation to repurchase of shares would need to be followed.

HKAS 34.16A(j) [46] HKAS 34.16A(j), a new paragraph introduced by HKFRS 13 as one of its consequential amendments to other HKFRSs, requires certain HKFRS 13 and HKFRS 7 disclosures in interim financial reports. Unlike HKFRS 13, which applies to both financial instruments and non-financial instruments, HKAS 34.16A(j) requires the fair value disclosures for financial instruments only. HKFRS 13 disclosures required by HKAS 34.16A(j) are illustrated in note 15(a) and HKFRS 7 disclosures are illustrated in note 15(b). Entities should apply those new disclosure requirements in the interim financial reports within an annual period for which HKFRS 13 becomes effective. This means that an entity with a calendar year-end, which has not early adopted HKFRS 13, needs to provide the disclosures required by HKAS 34.16A(j) for the first time in the June 2013 interim financial reports.

HKFRS 13.91-92, 94-95 & 99 [47] HKAS 34.16A(j) requires entities to apply HKFRS 13.91-93(h), 94-96, 98 and 99 for disclosures about financial instruments which are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition. As explained in footnote 48 below, recurring fair value measurements arise from assets or liabilities measured on a fair value basis at each reporting date. All other measurements using fair value are "non-recurring".

These HKFRS 13 disclosures are the same disclosures as are required for financial instruments in the full financial statements and should be made in accordance with the overall disclosures objectives and the general principles of HKFRS 13 (set out in paragraphs HKFRS 13.91-92, 94-95 and 99). The overall disclosure objectives are:

- to provide information that enables users of financial statements to assess the methods and inputs used to develop the fair value measurements; and
- to assess the effect of the measurements on profit or loss or other comprehensive income of recurring fair value measurements that are based on significant unobservable inputs.

The disclosure requirements (mostly in HKFRS 13.93) are different depending on whether the fair value measurement is recurring or non-recurring, and depending on which level of the 3-Level fair value hierarchy (as further discussed in footnote 48 below) that the financial assets or financial liabilities are categorised within. The most extensive requirements are for Level 3 measurements that are recurring.

HKFRS 13.92 explicitly requires that if the disclosures provided in accordance with the standard and other HKFRSs are insufficient to meet the above disclosure objectives, entities should disclose additional information necessary to meet those objectives.

Unless another format is more appropriate, the quantitative disclosures required by HKFRS 13 should be presented in a tabular format (i.e. instead of being a narrative note).

Comparative disclosures are not required in the first period of adoption of the standard.

HKFRS 13.93(a) [48] Recurring fair value measurements arise from assets or liabilities measured on a fair value basis at each reporting date. Non-recurring fair value measurements are those that are triggered by particular circumstances. So far as financial instruments are concerned, examples of recurring fair value measurements include financial assets at fair value through profit or loss and available-for-sale financial assets. Non-recurring fair value measurements include an impairment of a financial asset carried at amortised cost being measured on the basis of an instrument's fair value as a practical expedient under HKAS 39.AG84.

HKFRS 13.93(b), 72-90 [49] For recurring and non-recurring fair value measurements, entities are required to disclose the level of the fair value hierarchy within which the fair value measurements are categorised in their entirety. The 3-Level fair value hierarchy is based on the inputs to valuation techniques used to measure fair value. The inputs are categorised as follows:

Level 1 inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 inputs:	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs:	Unobservable inputs for the asset or liability.

The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique. In some cases, the inputs used to measure the fair value might be categorised within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (NB Level 1 is considered as the highest, Level 3 is the lowest). This means that if the valuation technique uses significant unobservable inputs, then the fair value of that asset or liability should be classified as a "Level 3" valuation.

HKAS 34.16A(j)

15 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS[46]

HKFRS 13.91-92

(a) Financial assets and liabilities measured at fair value[47]

HKFRS 13.93(a)& (b)

(i) Fair value hierarchy[49]

	Fair value at 30 June 2013[50]	Fair value measurements as at 30 June 2013 using		
		Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$'000	$'000	$'000	$'000
Recurring fair value measurement[48]				
Financial assets:				
Available-for-sale equity securities:				
- Listed	**8,210**	**8,210**	**-**	**-**
- Unlisted	**5,040**	**-**	**-**	**5,040**
Trading securities	**58,110**	**58,110**	**-**	**-**
Derivative financial instruments:				
- Interest rate swaps	**1,522**	**-**	**1,522**	**-**
- Forward exchange contracts	**735**	**158**	**577**	**-**
Financial liabilities:				
Derivative financial instruments:				
- Interest rate swaps	**54**	**-**	**54**	**-**
- Forward exchange contracts	**38**	**-**	**38**	**-**
- Conversion option embedded in convertible notes	**198**	**-**	**-**	**198**

	Fair value at 31 December 2012	Fair value measurements as at 31 December 2012 using[51]		
		Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$'000	$'000	$'000	$'000
Recurring fair value measurement[48]				
Financial assets:				
Available-for-sale equity securities:				
- Listed	6,710	6,710	-	-
- Unlisted	4,950	-	-	4,950
Trading securities	58,020	58,020	-	-
Derivative financial instruments:				
- Interest rate swaps	1,489	-	1,489	-
- Forward exchange contracts	2,124	659	1,465	-
Financial liabilities:				
Derivative financial instruments:				
- Interest rate swaps	52	-	52	-
- Forward exchange contracts	20	-	20	-
- Conversion option embedded in convertible notes	171	-	-	171

HKFRS 13.93(c), HKFRS 13.93(e)(iv)

During the six months ended 30 June 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2012: nil). The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.[52]

HKFRS 13.93(a) & 94

[50] For recurring and non-recurring fair value measurements, entities are required to disclose, for each class of assets and liabilities, the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reasons for the measurement. Class is determined based on the nature, characteristics and risks of the asset or liability; and the level of the fair value hierarchy within which the fair value measurement is categorised. HKFRS 13.94 provides guidance on determining the appropriate classes. So far as financial instruments are concerned, "classes" could be determined at a lower level than the "categories" as defined in HKAS 39.9 when the financial instruments within the same category have different nature, characteristics or risks. For example, in this illustrative interim financial report, the category "available-for-sale financial assets" is sub-divided into listed and unlisted classes since normally listed investments and unlisted investments have different nature and extent of risks.

Besides, as stated in HKFRS 13.94, the number of classes may need to be greater for Level 3 fair value measurements as they have a greater degree of uncertainty and subjectivity**.**

HKFRS 13.C2&C3

[51] As mentioned in footnote 47 above, comparative disclosures are not required in the first period of adoption of HKFRS 13. However, we assume that this transitional exemption only applies to the new disclosures which arise from the adoption of HKFRS 13, and that information which was previously disclosed under other HKFRSs in the 2012 financial statements should continue to be disclosed as comparatives in the 2013 financial statements. Accordingly, we recommend that in the interim financial reports in which HKFRS 13 is adopted for the first time, the disclosures required by HKAS 34.16A(j) should include comparative information in respect of 31 December 2012 if such information has been disclosed in the 2012 annual financial statements. This would include the fair value hierarchy disclosure, reconciliation for Level 3 fair value measurements and fair values of financial instruments carried at other than fair value, as this information was required to be disclosed under HKFRS 7 in the 2012 annual financial statements.

HKFRS 13.93(c), 93(e)(iv) & 95

[52] Entities are required to disclose, for recurring fair value measurements:

- the amounts of any transfers between levels of the fair value hierarchy;
- the reasons for those transfers; and
- the policy for determining when transfers between levels are deemed to have occurred (e.g. occurred at the date of the event or change in circumstances that caused the transfer, deemed to have occurred at the beginning of the reporting period, or at the end of the reporting period).

Transfers into and out of the levels should be separately disclosed and discussed.

HKFRS 13.93(d)

[53] Entities are required to disclose, for recurring and non-recurring fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) and the inputs used in the fair value measurement. For fair value measurements categorised within Level 3, information about the significant unobservable inputs used has to be quantitative.

If there has been a change in valuation technique, disclose this fact and the reason(s) for making the change.

HKFRS 13.93(h)

[54] For financial instruments measured at fair value on a recurring basis and categorised within Level 3, entities should provide the following information:

- a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might change fair value significantly. This narrative description should include, at a minimum, the unobservable inputs that have been disclosed under HKFRS 13.93(d);
- a description of the interrelationships and how they might magnify or mitigate the effect of changes if there are interrelationships between those inputs; and
- a quantitative sensitivity analysis if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly.

HKFRS 13.93(e) & 93(f)

[55] For recurring fair value measurements categorised within Level 3 of the fair value hierarchy, entities should provide a reconciliation from the opening balances to the closing balances. This reconciliation should separately disclose the changes during the period attributable to:

- total gains or losses (i.e. realised and unrealised) for the period recognised in profit or loss, and the line item(s) in profit or loss in which they are recognised;
- total gains or losses for the period recognised in other comprehensive income, and the line item(s) in other comprehensive income in which they are recognised;
- purchases, sales, issues and settlements (each of those types of changes disclosed separately); and
- the amounts of any transfers into or out of Level 3 of the fair value hierarchy.

Separate disclosure should be made for changes in unrealised gains or losses included in profit or loss relating to assets and liabilities held at the end of the reporting period and the line item(s) in profit or loss in which those unrealised gains or losses are recognised.

HKFRS 13.93(d)

(ii) Valuation techniques and inputs used in Level 2 fair value measurements[53]

The fair value of forward exchange contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the swap counterparties.

HKFRS 13.93(d)

(iii) Information about Level 3 fair value measurements[53]

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Unlisted available-for-sale equity instruments	Market comparable companies	Discount for lack of marketability	[●]% to [●]% ([●]%)
Conversion option embedded in convertible notes	Binomial lattice model	Expected volatility	[●]%

HKFRS 13.93(h)

The fair value of unlisted available-for-sale equity instruments is determined using the price/earning ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 30 June 2013, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by [●]% would have increased/decreased the group's other comprehensive income by $[●].

The fair value of conversion option embedded in convertible notes is determined using binomial lattice model and the significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility. As at 30 June 2013, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by [●]% would have decreased/increased the group's profit by $[●].[54]

HKFRS 13.93(e)&(f)

The movement during the period in the balance of Level 3 fair value measurements is as follows:[55]

	At 30 June 2013	At 31 December 2012[51]
	$'000	$'000
Unlisted available-for-sale equity securities:		
At 1 January	**4,950**	4,800
Payment for purchases	**560**	100
Net unrealised gains or losses recognised in other comprehensive income during the period	**475**	50
Proceeds from sales	**(945)**	-
At 30 June / 31 December	**5,040**	4,950
Total gains or losses for the period reclassified from other comprehensive income on disposal	**130**	-
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	**-**	-

	At 30 June 2013	At 31 December 2012[51]
	$'000	$'000
Conversion option embedded in convertible notes:		
At 1 January	**171**	169
Changes in fair value recognised in profit or loss during the period	**27**	2
At 30 June / 31 December	**198**	171
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	**27**	2

The gains arising from the disposal of the unlisted available-for-sale equity securities and the remeasurement of the conversion option embedded in the convertible notes are presented in "Other net income" in the consolidated statement of profit or loss. The net unrealised gains arising from the remeasurement of the unlisted available-for-sale equity securities are recognised in fair value reserve in other comprehensive income.

HKFRS 13.93(g)

The group has a team headed by the finance manager performing valuations for the financial instruments, including the unlisted available-for-sale equity securities and the conversion option embedded in convertible notes. The team reports directly to the chief financial officer and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates[56].

(b) Fair values of financial assets and liabilities carried at other than fair value[57]

HKFRS 7.25-26

The carrying amounts of the group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2012 and 30 June 2013 except for the following financial instruments, for which their carrying amounts and fair value are disclosed below:

	At 30 June 2013		At 31 December 2012[51]	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$'000	**$'000**	$'000	$'000
Held-to-maturity debt securities	**15,899**	**14,620**	15,176	14,020
Convertible notes	**9,462**	**8,521**	9,356	8,450
Redeemable preference shares	**3,912**	**2,766**	3,912	2,628

HKFRS 13.93(g), IE65

56 For fair value measurements categorised in Level 3 of the fair value hierarchy, entities should provide a description of the valuation processes used. IE65 of HKFRS 13 gives examples of information that the entity may disclose in respect of the valuation processes.

HKFRS 7.25-26 and 28-30

57 HKAS 34.16A(j) requires entities to disclose in the interim financial reports the information required by HKFRS 7.25-26 and 28-30 for their financial instruments. In this illustrative interim financial report we have illustrated the disclosures required by HKFRS 7.25-26, i.e. the fair values for each class of financial assets and financial liabilities that are not carried at fair value. As stated in HKFRS 7.29, such disclosure is not required:

- when the carrying amount of an financial instrument is a reasonable approximation of fair value;
- for an investment in equity instruments that do not have a quoted price in an active market for an identical instrument (i.e. a Level 1 input), or derivatives linked to such equity instruments, that is measured at cost in accordance with HKAS 39 because its fair value cannot otherwise be measured reliably; or
- for a contract containing a discretionary participation feature (as described in HKFRS 4) if the fair value of that feature cannot be measured reliably.

In addition, the additional details required in the annual financial statements by HKFRS 13.97 in respect of this memorandum information are not required to be disclosed in the interim financial reports, as HKFRS 13.97 is omitted from the list in HKAS 34.16A(j).

HKAS 34.15B(e)

16 CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

	At 30 June 2013 $'000	At 31 December 2012 $'000
Contracted for	1,539	6,376
Authorised but not contracted for	12,500	660
	14,039	7,036

17 CONTINGENT ASSETS AND LIABILITIES

HKAS 34.15B(m)

In June 2013, a subsidiary of the group received notice that it is being sued by a former employee in respect of a personal injury purported to have been suffered during his employment with that company. If the company is found to be liable, the total expected monetary compensation may amount to approximately $10 million[26 on page 24]. Under the subsidiary's employer's liability insurance policy, it is probable that in such circumstances the subsidiary could recover approximately $2 million from the insurer. The subsidiary denies any liability in respect of the injury and, based on legal advice, the directors do not believe it probable that the court will find against them. No provision has therefore been made in respect of this claim.

18 MATERIAL RELATED PARTY TRANSACTIONS

HKAS 34.15B(j)

In January 2013, the group entered into a three year lease in respect of certain leasehold properties from a fellow subsidiary of the group for storage of electronic goods. The amount of rent charged under the lease was determined with reference to amounts charged by the fellow subsidiary to third parties. The amount of rental incurred in the six months ended 30 June 2013 is $211,000 (2012: $nil). No amounts were outstanding as at 30 June 2013 (31 December 2012: $nil).

19 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

HKAS 34.16A(h)

Subsequent to the end of the reporting period, one of the group's major trade debtors went into liquidation following a serious fire at their main production facilities in July 2013. Of the $100,000 owed by the debtor, the group expects to recover less than $10,000. No allowance for doubtful debts has been made in this interim financial report in this regard.

20 COMPARATIVE FIGURES

As a result of the application of [• • •] certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2013. Further details of these developments are disclosed in note 2.

HKSRE 2410.43(a) &(b)

Review report to the board of directors of HK Listco Ltd[58]

CP

(Incorporated in Hong Kong with limited liability)[59]

Introduction

HKSRE 2410.43(c)

We have reviewed the interim financial report set out on pages 15 to 47 which comprises the consolidated statement of financial position of HK Listco Ltd (the "company") as of 30 June 2013 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

HKSRE 2410.43(e)

HKSRE 2410.43(f)

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

HKSRE 2410.43(g)

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

HKSRE 2410.43(h)

Conclusion

HKSRE 2410.43(j)

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2013 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

HKSRE 2410.43(k), (l) & (m)

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 August 2013

A16(43)

[58] While paragraph 39 of Appendix 16 of MBLRs requires the interim report to be reviewed by the listed issuer's audit committee, there is no requirement for the external auditors to perform an audit or review on the interim report. If the accounting information contained in an interim report has been audited by the listed issuer's auditor, the auditor's report including any qualifications should be reproduced in full in the interim report. However, the MBLRs are silent as to whether the auditor's review report should be set out in the interim report if an independent review has been performed by the auditors.

CP

[59] In Hong Kong, it is common practice to disclose the place of incorporation of the company in the auditor's report.

Appendix
Recent HKFRS developments

This appendix lists the new Standards, amendments to, and Interpretations of, HKFRSs in issue as at 29 May 2013 which were not yet effective for the 2012 calendar year-ends and therefore may need to be considered for the first time in the preparation of the 2013 interim financial statements. The appendix contains two tables:

- Table 1 lists recent HKFRS developments which are required to be adopted in annual accounting periods beginning on or after 1 January 2013
- Table 2 lists those developments which are available for early adoption in that period, but are not yet mandatory.

The appendix includes a brief overview of these new developments, focusing particularly on those which are likely to be of interest or concern. All of these developments are as a direct consequence of amendments and revisions to IFRSs made by the IASB and adopted by the HKICPA word-for-word and with the same effective dates. More information on these developments can be obtained from your usual KPMG contact.

** all of the effective dates given below refer to the start of an annual accounting period, unless otherwise noted. For example, the amendments to HKAS 1 in respect of presentation of items of other comprehensive income are mandatory in respect of all annual periods which began on or after 1 July 2012 and consequently to any interim period which is part of such an annual period.*

Effective date*	**Table 1:** **Amendments to HKFRSs first effective for annual periods beginning 1 January 2013**	
1 Jul 2012	Amendments to HKAS 1, *Presentation of financial statements* "Presentation of items of other comprehensive income"	The amendments require entities to group together the items of OCI that may be reclassified to profit or loss in the future (e.g. realised gains or losses on available-for-sale financial assets) by presenting them separately from those that would never be reclassified to profit or loss (e.g. revaluation surplus of property, plant and equipment). The amendments also change the titles "Income statement" to "Statement of profit or loss" and "Statement of comprehensive income" to "Statement of profit or loss and other comprehensive income". However, entities are still allowed to use other titles, such as the old titles.

1 Jan 2013	HKFRS 10
	"Consolidated financial statements"
	
	HKAS 27 (2011)
	"Separate financial statements"
		The source of HKFRS 10, IFRS 10, is the result of the consolidation project undertaken by the IASB with the objective of developing a single control model to replace both IAS 27, *Consolidated and separate financial statements* and SIC-12, *Consolidation – Special purpose entities*. The consolidation project became a priority project as a result of the global financial crisis, which highlighted the need to reduce perceived structuring opportunities and to increase transparency about entities' off balance sheet activities.
		In order to achieve those objectives, IFRS 10, and consequently HKFRS 10, introduces the following key changes in respect of *when* to consolidate an investee:
		• Under HKFRS 10 a single model is applied to all investee relationships to determine whether one entity has control over another entity, irrespective of whether or not the investee is a special purpose entity. This model focuses on whether the investor has all of the following:
		  – power over 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 those returns.
		• Although in many cases the control conclusion (i.e. whether to consolidate or not) is expected to be the same under HKFRS 10 as compared to the previous version of HKAS 27 ("HKAS 27 (2008)"), HKFRS 10 differs from HKAS 27 (2008) in the following key respects:
		
		(continued)

<table>
<tr><th>Effective date*</th><th colspan="2">Table 1 (continued):
Amendments to HKFRSs first effective for annual periods beginning 1 January 2013</th></tr>
<tr><td>1 Jan 2013</td><td>HKFRS 10
"Consolidated financial statements"

HKAS 27 (2011)
"Separate financial statements"
(continued)</td><td>

the standard contains substantially more guidance and application examples on how the control model applies in practice. This includes guidance on:

principal versus agent relationships;
franchises; and
protective rights and kick-out rights

the concept of de facto control is explicitly required to be considered in the control analysis;
the concept of a "deemed separate entity" (or "silo") is introduced, which means that control can be identified over a ring-fenced subset of specified assets and liabilities of an investee; and
potential voting rights are only taken into account in reaching a control conclusion when those rights are substantive, whereas at present all currently exercisable potential voting rights need to be considered.

HKFRS 10 also covers how to consolidate an investee once control is identified, although these requirements are largely unchanged from HKAS 27 (2008). The revised version of HKAS 27 ("HKAS 27 (2011)") now only covers the requirements for separate (i.e. company-level) financial statements, with some minor clarifications. The requirements in HKAS 28 (2008) and the superseded HKAS 31 for separate financial statements have also been incorporated into HKAS 27 (2011).
HKFRS 10 and HKAS 27 (2011) are effective for annual periods beginning on or after 1 January 2013.
At the date of initial application of HKFRS 10, an entity is required to re-assess whether its involvement with an investee gives it control, in accordance with the new model. The "date of initial application" of HKFRS 10 refers to "the beginning of the annual reporting period for which the Standard is applied for the first time". For example, if an entity with a calendar year end has not early adopted HKFRS 10, then the "date of initial application" is 1 January 2013.
If this re-assessment does not result in a change in the control conclusion, the entity is not required to make adjustments to comparatives. However, if there is a change in the control conclusion in respect of that investee (for example, in respect of entities over which the group has de facto control), HKFRS 10 should be applied retrospectively by restating comparatives. This requirement to restate the comparatives is limited to one year (i.e. the period immediately preceding the date of initial application of HKFRS 10). Entities that provide comparatives for more than one period have the option of leaving additional comparative periods unchanged.
If upon the initial application of HKFRS 10 an entity starts consolidating an investee which was not previously consolidated, depending on the date on which control was obtained, an entity may choose which version of HKFRS 3, Business combinations to apply acquisition accounting. If the control was obtained after the effective date of HKFRS 3 (2008) (i.e. annual periods beginning on or after 1 July 2009, or at an earlier date if HKFRS 3 (2008) has been adopted early), the entity should apply HKFRS 3 (2008). If the control was obtained before the effective date of HKFRS 3 (2008), the entity can choose to apply HKFRS 3 (2004) or HKFRS 3 (2008).
</td></tr>
</table>

Effective date*	**Table 1 (continued):** **Amendments to HKFRSs first effective for annual periods beginning 1 January 2013**	
1 Jan 2013	HKFRS 11 "Joint arrangements"	HKFRS 11 has been issued to improve accounting requirements for joint arrangements, previously covered by HKAS 31, *Interests in joint ventures*. The IASB was concerned with two aspects of IAS 31 (the source of HKAS 31): first, it has exclusive focus on structure (legal form) of the joint arrangements in determining the accounting for the arrangements; second, it allows a free choice between proportionate consolidation and equity method for jointly controlled entities. As a result, IFRS 11, and consequently HKFRS 11, divides joint arrangements into 2 types: "joint operation" and "joint venture", each having its own accounting model as follows: • In a "joint operation" the parties have rights to the assets and obligations for the liabilities relating to the arrangement. In respect of the accounting for a joint operation, the entity is required to recognise its own assets, liabilities and transactions, including its share of those incurred jointly. • In a "joint venture", the parties have rights to the net assets of the arrangement as a whole. In respect of the accounting for a joint venture, the entity is required to account for it using the equity method in accordance with HKAS 28 (2011). Proportionate consolidation is no longer allowed. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. This is a case by case decision which may require the use of judgment, rather than a policy choice. HKAS 31 and HK(SIC)-31, *Jointly controlled entities – Non-monetary contributions by venturers*, are withdrawn upon the effective date of HKFRS 11, i.e. annual periods beginning on or after 1 January 2013. HKFRS 11 requires retrospective application, with specific restatement requirements for certain situations, which are intended to provide some simplifications when transitioning from HKAS 31 to HKFRS 11. The requirement to restate comparatives is limited to the period immediately preceding the date of initial application of HKFRS 11.
1 Jan 2013	HKAS 28 (2011) "Investments in associates and joint ventures"	HKAS 28 (2011) was issued as part of the above package of standards. It is substantially the same as HKAS 28 (2008) except for the following major differences: • HKAS 28 (2011) includes expanded guidance on how to apply HKFRS 5, *Non-current assets held for sale and discontinued operations*, to an investment or a portion of an investment in an associate or a joint venture which meets the criteria to be classified as held for sale; and • HKAS 28 (2011) modifies the accounting required when there are changes in interest which result in a change in the nature of the investment but equity method continues to be applied (i.e. an associate becomes a joint venture, or vice versa). In such cases, under HKAS 28 (2011), there is no re-measurement of the retained interest to fair value.

<table>
<tr><th>Effective date*</th><th colspan="2">Table 1 (continued):
Amendments to HKFRSs first effective for annual periods beginning 1 January 2013</th></tr>
<tr><td>1 Jan 2013</td><td>HKFRS 12
"Disclosure of interests in other entities"</td><td>HKFRS 12 has been issued to bring together all the disclosure requirements about the entities' interests in subsidiaries, joint arrangements and associates into one standard. The requirements strengthen the existing disclosure requirements, with the aim of enabling users of financial statements to understand better the nature, risks and effects of these interests. HKFRS 12 also requires new disclosures relating to the entity's interests in any unconsolidated structured entities.
In the first year of adoption, comparative information to be disclosed under HKFRS 12 is only limited to the period immediately preceding the date of initial application of the Standard. Moreover, an entity need not provide comparative information for the disclosures in respect of interests in unconsolidated structured entities.</td></tr>
<tr><td>1 Jan 2013</td><td>HKFRS 13
"Fair value measurement"</td><td>The Standard replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. It provides guidance on how to measure fair value when it is required or permitted by other HKFRSs, but does not extend the use of fair value accounting, i.e. no new requirements to measure assets or liabilities at fair value have been introduced.
The Standard also contains extensive disclosure requirements which are intended to provide information that enables users of financial statements to assess the methods and inputs used by the entities when developing fair value measurements and the effect of the measurement on the entities' financial results. These include extending the application of the 3-level "fair value hierarchy" concept previously applied to financial instruments to all fair value measurements for assets and liabilities within the scope of the Standard, for example investment properties carried at fair value.</td></tr>
<tr><td>1 Jan 2013</td><td>Revised HKAS 19
"Employee benefits"</td><td>The revised Standard aims to improve the accounting for defined benefit plans. Under the revised Standard, all actuarial gains and losses are recognised immediately in the period they occur. The corridor method in the previous HKAS 19 for deferral of actuarial gains and losses has been eliminated. All past service costs, including unvested amounts, are also recognised immediately.
In addition, the revised Standard requires the changes in the net defined benefit liability (asset) to be split and presented in the statement of comprehensive income as follows:
• service cost (current and past service cost and any gain or loss on settlements) in profit or loss;
• net interest on the net defined benefit liability (asset) in profit or loss; and
• re-measurement of the defined benefit liability (asset) in OCI.
The net interest on the net defined benefit liability (asset) is calculated as a single net interest figure based on the discount rate that is used to measure the defined benefit obligation. Therefore, unlike the previous HKAS 19 under which an entity recognised in profit or loss an expected return on plan assets based on market expectations, the entity now recognises in profit or loss the interest income on plan assets calculated using the discount rate applied on defined benefit obligation. The difference between this interest income and the actual return on plan assets is included in the remeasurement of the net defined benefit liability (asset) component and recognised in OCI.

(continued)</td></tr>
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<tr><th>Effective date*</th><th colspan="2">Table 1 (continued):
Amendments to HKFRSs first effective for annual periods beginning 1 January 2013</th></tr>
<tr><td>1 Jan 2013</td><td>Revised HKAS 19
“Employee benefits”
(continued)</td><td>The revised Standard also includes more minor changes to definition of short-term employee benefits (in respect of the distinction between short-term and long-term), the definition of return on plan assets, the timing of recognition of termination benefits and expands the disclosure requirements for defined benefit plans.
Revised HKAS 19 is effective for annual periods beginning on or after 1 January 2013. The revised Standard generally requires retrospective application, but provides two exceptions to this rule:
• an entity need not adjust the carrying amounts of assets outside the scope of HKAS 19 (such as inventories and property, plant and equipment) for changes in employee benefit costs that were included in their carrying amounts before the date of initial application (i.e. the beginning of the earliest prior period presented in the financial statements in which HKAS 19 (2011) is initially adopted); and
• in the first year of adoption an entity need not present comparative information for the disclosures about the sensitivity of the defined benefit obligation.</td></tr>
<tr><td>1 Jan 2013</td><td>HK(IFRIC) 20
“Stripping costs in the production phase of a surface mine”</td><td>The Interpretation clarifies the accounting for costs incurred in removing waste (i.e. stripping costs) during the production phase of a surface mining activity. It sets out the criteria to be met for capitalising the production stripping costs as an asset and the initial and subsequent measurement requirements.</td></tr>
<tr><td>1 Jan 2013</td><td>Annual Improvements to HKFRSs 2009 – 2011 Cycle</td><td>This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations, all of which are effective for annual periods beginning on or after 1 January 2013. Details are as follows:
• HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards has been amended:
  • to allow, but not require, an entity that has applied HKFRS 1 in the past but did not contain an explicit and unreserved statement of compliance with HKFRSs in its most recent previous annual financial statements, to apply HKFRS 1 if such entity presents its financial statements in accordance with HKFRS again; and
  • to allow a first-time adopter of HKFRSs to carry forward the borrowing costs capitalised in accordance with previous GAAP in its opening statement of financial position without restatement. Borrowing costs incurred on or after the date of transition (or an earlier date as permitted by HKAS 23, Borrowing costs) should be accounted for in accordance with HKAS 23, including those incurred on qualifying assets already under construction at that date.
NB The above amendments to HKFRS 1 are not relevant to existing adopters of HKFRSs
• HKAS 1 has been amended to clarify that an opening statement of financial position (the third balance sheet) is required only if a change in accounting policy, a retrospective restatement or a reclassification has a material effect on the information presented in the opening statement of financial position. In addition, except for the disclosures required by paragraphs 41-44 of HKAS 1 and HKAS 8, related notes to the opening statement of financial position are no longer required. The amendments also set out requirements when additional comparative information is voluntarily presented.
(continued)</td></tr>
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<tr><th>Effective date*</th><th colspan="2">Table 1 (continued):
Amendments to HKFRSs first effective for annual periods beginning 1 January 2013</th></tr>
<tr><td>1 Jan 2013</td><td>Annual Improvements to HKFRSs 2009 – 2011 Cycle
(continued)</td><td>• HKAS 16, Property, plant and equipment has been amended to clarify that spare parts, stand-by equipment and servicing equipment should be accounted for in accordance with HKAS 16 if they meet the definition of property, plant and equipment i.e. if they are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and are expected to be used during more than one period. Otherwise, such items are classified as inventory.
• HKAS 32, Financial instruments: Presentation has been amended to delete any specific guidance on the recognition of income taxes relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction, and to clarify instead that these should be accounted for in accordance with HKAS 12, Income taxes.
• HKAS 34, Interim financial reporting has been amended:
  • to clarify that total assets for a particular reportable segment are required to be disclosed only when (a) the amounts are regularly provided to the chief operating decision maker and (b) there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements; and
  • to require total liabilities for a particular reportable segment to be disclosed when the amounts are regularly provided to the CODM and there has been a material change in the total liabilities for that segment from the amount disclosed in the last annual financial statements.</td></tr>
<tr><td>1 Jan 2013</td><td>Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
“Government loans”</td><td>The amendments require a first-time adopter of HKFRSs to apply the requirements to measure government loans with a below-market rate of interest at fair value on initial recognition prospectively from the date of transition to HKFRSs. Alternatively, a first-time adopter may elect to apply the requirements retrospectively if the information needed was obtained when it first accounted for the loan. This election is available on a loan-by-loan basis.
NB These amendments are not relevant to existing adopters of HKFRSs</td></tr>
<tr><td>1 Jan 2013</td><td>Amendments to HKFRS 7, Financial instruments: Disclosures
“Disclosures – Offsetting financial assets and financial liabilities”</td><td>The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. These new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, Financial instruments: Presentation. They are also required for financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32. In accordance with paragraph B41 of the Application Guidance attached to HKFRS 7, loans and customer deposits at the same institution and financial instruments that are subject only to a collateral agreement are outside the scope of the disclosures introduced by the amendments.</td></tr>
</table>

Effective date*	**Table 2:** **Amendments to HKFRSs which are not yet mandatory for annual periods beginning 1 January 2013 but may be adopted early**	
1 Jan 2014	Amendments to HKAS 32, *Financial instruments: Presentation* "Offsetting financial assets and financial liabilities"	The amendments clarify the offsetting requirements by adding application guidance to HKAS 32. The existing offsetting requirements in HKAS 32.42 are that a financial asset and financial liability should be offset when, and only when, the entity: • currently has a legally enforceable right to set off the recognised amounts; and • intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The additional guidance clarifies when the entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.
1 Jan 2014	Amendments to HKFRS 10, *Consolidated financial statements,* HKFRS 12, *Disclosure of interests in other entities* and HKAS 27 *Separate financial statements* "Investment entities"	The amendments give relief from consolidation to those parents which meet all of the following criteria: • the parent obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services; • the parent commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and • the parent measures and evaluates the performance of substantially all of its investments on a fair value basis. Such parents are referred to as "investment entities" in the amendments. Examples of investment entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under the amendments, investment entities are prohibited from consolidating their subsidiaries. Instead, they are required to carry their subsidiaries at fair value through profit or loss ("FVTPL"). The only subsidiaries that fall outside the FVTPL requirement are those subsidiaries which provide services which relate to the investment entity's investment activities. Such service subsidiaries would still need to be consolidated by the investment entity. The exemption from consolidation is only applicable to parents who qualify as investment entities in their own right. It does not carry upwards to parents higher up the group if those higher parents are not themselves investment entities. In such cases, the higher parents would have to consolidate all entities that it controls, including those controlled through an investment entity subsidiary. The amendments also introduce new disclosure requirements for investment entities, in particular relating to any judgments that the entity made in determining that it is an investment entity. Investment entities are required to apply the amendments, on a modified retrospective basis, for annual periods beginning on or after 1 January 2014. Earlier application is permitted. This may be of particular interest to investment entities who would otherwise need to start consolidating subsidiaries under HKFRS 10 as from 1 January 2013.

Effective date*	Table 2 (continued): Amendments to HKFRSs which are not yet mandatory for annual periods beginning 1 January 2013 but may be adopted early	
1 Jan 2014	IFRIC 21 "Levies"	On 20 May 2013, the IASB issued IFRIC 21 as an interpretation of IAS 37, *Provisions, contingent liabilities and contingent assets*. We anticipate that the HKICPA will soon issue an equivalent interpretation with the same effective date. IFRIC 21 provides guidance on when a liability to pay a levy imposed by a government should be recognised. The Interpretation clarifies that the obligating event that gives rise to such liability is the activity that triggers the payment of the levy as identified by the legislation. Income taxes and other outflows of resources within the scope of other standards (i.e. outside the scope of IAS 37), and fines or other penalties that are imposed for breaches of the legislation, are scoped out from the Interpretation.
1 Jan 2015*	HKFRS 9 "Financial instruments"	The source of HKFRS 9, IFRS 9, is the result of a wider project being undertaken by the IASB to reduce the complexity of the current requirements and replace IAS 39, *Financial instruments: recognition and measurement.* In November 2009, the IASB issued IFRS 9 (2009) which deals with classification and measurement of financial assets only. IFRS 9 (2009) retains but simplifies the mixed measurement model by allowing only two primary measurement categories for financial assets: amortised cost and fair value, with the basis of classification dependent on the entity's business model and the contractual cash flow characteristics of the financial asset. The HKICPA issued IFRS 9 (2009) in the form of HKFRS 9 (2009) in November 2009. In October 2010, the IASB issued an expanded version of IFRS 9 (IFRS 9 (2010)) to include the requirements with respect to classification and measurement of financial liabilities, and derecognition of financial assets and liabilities. The derecognition requirements have been carried forward without amendment from IAS 39. With respect to the classification and measurement of financial liabilities, there are two substantive changes from current IAS 39 requirements, in relation to the fair value option and derivatives linked to unquoted equity instruments. The HKICPA issued IFRS 9 (2010) in the form of HKFRS 9 (2010) in November 2010. *Effective date and transitional provisions* HKFRS 9 (2009) and HKFRS 9 (2010), as originally issued, had a mandatory effective date of annual periods beginning on or after 1 January 2013. In December 2011, the IASB deferred the effective date to 1 January 2015 due to extended timeline for completing the IAS 39 replacement project. Entities that early adopt HKFRS 9 may elect to apply HKFRS 9 (2009) rather than HKFRS 9 (2010). If an entity elects to apply HKFRS 9 (2010), it must apply it in its entirety. An early adopter of HKFRS 9 continues to apply HKAS 39 for other accounting requirements for financial instruments within its scope that are not covered by HKFRS 9. *(continued)*

Effective date*	**Table 2 (continued):** **Amendments to HKFRSs which are not yet mandatory for annual periods beginning 1 January 2013 but may be adopted early**	
1 Jan 2015*	HKFRS 9 "Financial instruments" *(continued)*	Entities that initially adopt HKFRS 9 on or after 1 January 2013 (either adopt it on its effective date i.e. 1 January 2015 or early adopt it prior to the effective date but on or after 1 January 2013) need not restate comparatives. In the first year of adoption, any difference between (a) the previous carrying amount and (b) the carrying amount at the beginning of the annual reporting period that includes the date of initial application should be recognised in the opening retained earnings (or other component of equity, as appropriate). However, such entities are required to provide the disclosures on transition from HKAS 39 to HKFRS 9 set out in HKFRS 7.44S-44W, including a reconciliation of closing HKAS 39 balances to opening HKFRS 9 balances on the date of initial application of HKFRS 9. * *NB it should be noted that in addition to continuing to work on the parts of IFRS 9 which are not yet finalised (impairment and hedge accounting), in November 2012 the IASB proposed limited amendments to the classification and measurement requirements in IFRS 9 which are not yet finalised as of the time of writing. It is therefore probable that the effective date of IFRS 9 (and hence HKFRS 9) will be pushed back further to 2017 or later, due to the delays in finishing this project. Given this current uncertainty over what the complete IFRS/HKFRS 9 will require or permit and when the project will be finished in its entirety as well as the complexity of the transitional provisions, early adoption is not expected to be common.*

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