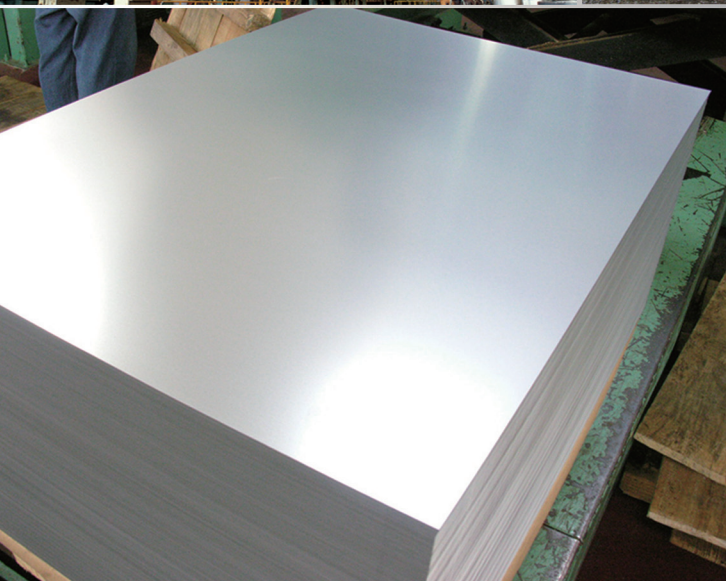




GUANGNAN (HOLDINGS) LIMITED

廣南(集團)有限公司

Stock Code 股份代號:1203



中期報告 2011  
INTERIM REPORT

# Contents

<b>2</b>	<b>Corporate Information</b>
<b>3</b>	<b>Financial Highlights</b>
<b>4</b>	<b>Business Review, Management Discussion and Analysis, Prospects and Other Information</b>
<b>10</b>	<b>Review Report</b>
	<b>Unaudited Interim Financial Report</b>
<b>11</b>	Consolidated Income Statement
<b>12</b>	Consolidated Statement of Comprehensive Income
<b>13</b>	Consolidated Balance Sheet
<b>15</b>	Consolidated Statement of Changes in Equity
<b>17</b>	Condensed Consolidated Cash Flow Statement
<b>18</b>	Notes to the Unaudited Interim Financial Report
<b>40</b>	<b>Supplementary Information</b>

# Corporate Information

(as at 29 August 2011)

## Board of Directors

### Executive Directors

LIANG Jiang (*Chairman*)  
LI Li (*Deputy Chairman*)  
TAN Yunbiao (*General Manager*)  
SUNG Hem Kuen (*Chief Financial Officer*)

### Non-Executive Directors

HUANG Xiaofeng  
LUO Fanyu  
LIANG Jianqin

### Independent Non-Executive Directors

Gerard Joseph McMAHON  
TAM Wai Chu, Maria  
LI Kar Keung, Caspar

## Audit Committee

Gerard Joseph McMAHON (*Chairman*)  
TAM Wai Chu, Maria  
LI Kar Keung, Caspar

## Compensation Committee

LI Kar Keung, Caspar (*Chairman*)  
Gerard Joseph McMAHON  
TAM Wai Chu, Maria

## Nomination Committee

LIANG Jiang (*Chairman*)  
Gerard Joseph McMAHON  
TAM Wai Chu, Maria  
LI Kar Keung, Caspar

## Company Secretary

LO Wing Suet

## Auditors

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

## Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited  
Industrial and Commercial Bank of China (Asia) Limited  
DBS Bank Ltd., Hong Kong Branch  
Industrial and Commercial Bank of China Limited, Zhongshan Branch  
Bank of China Limited, Zhongshan Branch  
China Citic Bank Corporation Limited, Zhongshan Branch  
The Agricultural Bank of China, Qinhuangdao Branch  
Industrial and Commercial Bank of China Limited, Qinhuangdao Branch  
Bank of China Limited, Qinhuangdao Branch

## Registered Office

22/F., Tesbury Centre  
No. 24–32 Queen's Road East  
Hong Kong  
Telephone: (852) 2828 3938  
Facsimile : (852) 2583 9288  
Website : <http://www.gdguangnan.com>

## Share Registrar

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## Share Information

<i>Place of Listing</i>	Main Board of The Stock Exchange of Hong Kong Limited
<i>Stock Code</i>	1203
<i>Board Lot</i>	2,000 shares
<i>Financial Year End</i>	31 December

## Shareholders' Calendar

<i>Closure of Register of Members</i>	6 October 2011 and 7 October 2011
<i>Interim Dividend Payment Date</i>	HK 2.5 cents per share 27 October 2011

# Financial Highlights

(Expressed in Hong Kong dollars)

## Unaudited Financial Highlights

	Six months ended 30 June		Change
	2011 \$'000	2010 \$'000	
<b>Turnover</b>	<b>1,713,887</b>	1,397,946	+22.6%
<b>Profit from operations</b>	<b>121,708</b>	166,721	-27.0%
<b>Profit attributable to shareholders</b>	<b>125,006</b>	136,128	-8.2%
<b>Basic earnings per share</b>	<b>13.80 cents</b>	15.03 cents	-8.2%
<b>Interim dividend per share</b>	<b>2.5 cents</b>	3.0 cents	-16.7%
	At 30 June 2011 \$'000	At 31 December 2010 \$'000	Change
<b>Total assets</b>	<b>2,995,970</b>	2,894,551	+3.5%
<b>Shareholders' equity</b>	<b>1,935,632</b>	1,790,996	+8.1%
<b>Net asset value per share<sup>1</sup></b>	<b>\$2.13</b>	\$1.98	+7.6%
<b>Closing market price per share</b>	<b>\$1.38</b>	\$1.70	
<b>Net cash<sup>2</sup></b>	<b>(39,658)</b>	(14,390)	
<b>Gearing ratio<sup>3</sup></b>	<b>-2.0%</b>	-0.8%	

Notes:

1. 
$$\frac{\text{Shareholders' equity}}{\text{Number of ordinary shares in issue}}$$

3. 
$$\frac{\text{Net cash}}{\text{Shareholders' equity}}$$

2. 
$$\text{Borrowings} - \text{cash and cash equivalents}$$

# Business Review, Management Discussion and Analysis, Prospects and Other Information

## RESULTS

For the first half of 2011, the unaudited consolidated profit attributable to shareholders was HK\$125,006,000, representing a decrease of 8.2% from HK\$136,128,000 for the corresponding period last year. Basic earnings per share was HK 13.80 cents, a decrease of 8.2% from HK 15.03 cents for the corresponding period last year.

## INTERIM DIVIDEND

The Board of Directors of the Company (the "Board") declares the payment of an interim dividend for the six months ended 30 June 2011 of HK 2.5 cents per share (six months ended 30 June 2010: HK 3.0 cents per share).

## BUSINESS REVIEW

During the period under review, all business segments of the Group were developing steadily. The Group's consolidated turnover was HK\$1,713,887,000, representing an increase of HK\$315,941,000 or 22.6% from HK\$1,397,946,000 for the corresponding period last year. Profit from operations was HK\$121,708,000, representing a decrease of HK\$45,013,000 or 27.0% from HK\$166,721,000 for the corresponding period last year. In respect of our tinplating business, the Group captured the beneficial opportunities of the increasingly sufficient supply of major raw materials to increase our production volume, increasing the total sales volume of tinplate products by 16.2% over the corresponding period of last year. However, as a result of supply outstripping demand in the iron and steel industry, the pressure on the selling price of tinplate products under intense competition, coupled with the rise in various costs, our profit margin decreased as compared to the corresponding period of last year. As to the fresh and live foodstuffs business, along with the increase in price of live pigs over last year, both turnover and operating profit from the fresh and live foodstuffs business recorded an increase over the corresponding period of last year. Given the devoted efforts of our operation team and premium quality sources of goods from major suppliers, the Group actively contributed to maintaining the supply in the market, the overall market share in the live pigs supply into Hong Kong remained at above 40%. This provided a steady contribution to the earnings of the Group. In respect of the property leasing business, along with the continual increase in the price of office units in Hong Kong in the first half of 2011, net valuation gains on investment properties of HK\$17,854,000 (2010: HK\$374,000) were recorded by the Group.

## Tinplating

Zhongshan Zhongyue Tinplate Industrial Co., Ltd. (“Zhongyue Tinplate”) is a wholly-owned subsidiary of the Company. The Company holds a 66% interest in Zhongyue Posco (Qinhuangdao) Tinplate Industrial Co., Ltd. (“Zhongyue Posco”) while the remaining 34% is held by POSCO Co., Ltd. (“POSCO”), an internationally renowned iron and steel enterprise. Currently, the annual production capacity of tinplate products and blackplates of the Group is 470,000 tonnes and 150,000 tonnes respectively, of which 220,000 tonnes of tinplate products and 150,000 tonnes of blackplates are from Zhongshan’s capacity, whereas 250,000 tonnes of tinplate products are from Qinhuangdao’s capacity.

In the first half of 2011, the Group produced 173,405 tonnes of tinplate products, which represented an increase of 10.6% as compared to that in the corresponding period last year. Among which, Zhongyue Tinplate and Zhongyue Posco produced 96,711 tonnes and 76,694 tonnes respectively. In addition, the blackplate manufacturing plant of Zhongyue Tinplate produced 66,735 tonnes of blackplates, an increase of 1.9% as compared to that in the corresponding period last year, providing a steady supply of raw materials (i.e. blackplates) for its production of tinplates. The Group’s tinplating plants in the northern and southern China sold 175,899 tonnes of tinplate products, an increase of 16.2% as compared to that in the corresponding period last year, of which, Zhongyue Tinplate and Zhongyue Posco sold 99,769 tonnes and 76,130 tonnes of tinplate products respectively, an increase of 11.5% and 22.8% respectively as compared to that in the corresponding period last year. Turnover was HK\$1,582,230,000, an increase of 23.4% as compared to the corresponding period last year and profit from operations was HK\$55,109,000, a decrease of HK\$67,850,000 or 55.2% as compared to that in the corresponding period last year. The tinplating business contributed the largest share to the earnings of the Group and accounted for 92.3% and 45.3% of the Group’s turnover and profit from operations respectively.

The market prices of both hot-rolled plates (the primary raw material for the production of blackplates) and tinplate products decreased in the second half of 2010, and it was not until the second quarter of 2011 that the market price of tinplate products showed signs of bottoming out. It is expected that the prices of iron and steel products will remain volatile in the second half of the year. During the period, the increasingly sufficient supply of major raw materials, excessive supply in the iron and steel industry and the pressure on the selling price of tinplate products under intense competition, coupled with the rise in various costs, all contributed to the lower gross profit margin of the Group’s tinplating business as compared to that of the corresponding period of last year. The year 2011 is defined as the year for marketing breakthrough, aiming at fully utilising the production capacity of our tinplating plants based in the northern and southern China, lowering the unit production cost and achieving economies of scale. Facing keen competition within the industry, we are focused on analysing the needs of users, further enhancing product quality as well as sales service level, adjusting our product mix and increasing export volume in a timely manner and providing a diversity of appropriate products to our customers at selling prices more comparable to the market rate. We also capitalised on the increasingly sufficient supply of major raw materials to increase our production volume, resulting in a record high sales volume of tinplate products in the first half year of 2011, an increase of 16.2% as compared to that in the corresponding period last year. On the other hand, full implementation of budgetary control, strengthening of internal control, deployment of Six Sigma methodology for

## Business Review, Management Discussion and Analysis, Prospects and Other Information (Continued)

implementing a substantial number of projects for technology improvement, energy-saving, waste-reduction and efficiency-optimisation, together with active efforts in expanding sources of procuring domestic blackplates, and further utilisation of the production capacity of our blackplate manufacturing plant, have all provided the Group with conditions to benefit from the economies of scale, thus relieving the Group of the pressure brought by the rise in various costs. Furthermore, the Group has committed more resources to R&D initiatives, incubating strengths for the future development of our tinplating business.

### Fresh and Live Foodstuffs

Guangnan Hong Company Limited (“Guangnan Hong”) is a wholly-owned subsidiary of the Company. Guangnan Hong holds a 51% interest in Guangnan Live Pigs Trading Limited and 19.53% interest in an associate, Hubei Liangyou Livestock and Poultry Co. Ltd. (“Hubei Liangyou”).

In the first half of 2011, the turnover of the fresh and live foodstuffs business amounted to HK\$118,291,000, representing an increase of 15.8% as compared to that in the corresponding period last year. Together with the share of profit of an associate, Hubei Liangyou, the total profit from operations was HK\$41,923,000, representing an increase of HK\$4,925,000 or 13.3% as compared to that in the corresponding period last year. With the inflation of costs in feeds, staff costs and transportation expenses, the price of live pigs in both mainland China and Hong Kong increased over last year. Our fresh and live foodstuffs business reported an increase in both turnover and operating profit compared to the corresponding period of last year albeit with a decrease in the volume of live pigs distributed. Through continuous optimisation of business workflow, the Group proactively strengthened its communication with governmental authorities, suppliers, industry participants and customers. Service standards were enhanced. The Group also actively contributed to maintaining the supply in the market. The overall market share in the live pigs supply into Hong Kong remained at above 40%. This provided a steady contribution to the earnings of the Group.

In January 2011, the Group acquired a 19.53% interest in one of its major suppliers, Hubei Liangyou, at a consideration of RMB40 million (equivalent to approximately HK\$47 million). Hubei Liangyou mainly engages in pig farming and related activities in Guangdong, Hubei and Hainan. Along with the increase in prices of live pigs in mainland China and those imported into Hong Kong, the Group’s share of profit of Hubei Liangyou amounted to HK\$3,678,000.

In June 2011, the Group signed an agreement to acquire a 34% interest in one of its suppliers, Guangdong Province Zijin Baojin Livestock Co., Ltd. (“Baojin”), at a consideration of RMB10.2 million (equivalent to approximately HK\$12 million). This acquisition is expected to be completed by the end of the year. Baojin mainly engages in pig farming in Guangdong. It is expected that such acquisition will help the Group to consolidate premium quality sources of live pigs in order to gradually build a solid business chain for fresh and live foodstuffs business and enhance its competitiveness.

### Property Leasing

The Group’s leasing properties mainly include the plant and staff dormitories of Zhongyue Tinplate and Zhongyue Posco, and the office units in Hong Kong.

## Business Review, Management Discussion and Analysis, Prospects and Other Information (Continued)

In the first half of 2011, turnover from the property leasing business of the Group was HK\$13,366,000, a decrease of 1.2% as compared to that in the corresponding period last year. Profit from operations of leasing properties amounted to HK\$8,674,000, a decrease of 3.6% as compared to that in the corresponding period last year. In addition, along with the continual increase in the price of office units in Hong Kong in the first half of 2011, net valuation gains on investment properties of HK\$17,854,000 (2010: HK\$374,000) were recorded.

### Yellow Dragon

In the first half of 2011, Yellow Dragon Food Industry Co., Limited, an associate of the Group, recorded a sales volume of 201,890 tonnes in its major product, corn starch, representing a decrease of 4.7% as compared to that the corresponding period last year. With the continual rise in the price of the products during the period, turnover amounted to HK\$1,036,910,000, representing an increase of 14.8% and its profit attributable to shareholders amounted to HK\$48,099,000 representing a decrease of 6.5%, as compared with that in the corresponding period last year.

## FINANCIAL POSITION

As at 30 June 2011, the Group's total assets and total liabilities amounted to HK\$2,995,970,000 and HK\$898,818,000, representing an increase of HK\$101,419,000 and a decrease of HK\$56,411,000 respectively when compared with the positions at the end of 2010. Net current assets decreased from HK\$694,610,000 at the end of last year to HK\$630,964,000. The current ratio (current assets divided by current liabilities) decreased from 1.93 as at the end of 2010 to 1.74.

### Liquidity and Financial Resources

As at 30 June 2011, the Group maintained cash and cash equivalent balances of HK\$580,743,000, including pledged bank deposits of HK\$306,694,000. An amount of HK\$441,124,000 was denominated in Renminbi and HK\$84,940,000 was denominated in United States ("US") Dollars while the remaining balance was denominated in Hong Kong Dollars. Cash and cash equivalent balances decreased by 1.5% from the end of 2010.

As at 30 June 2011, the Group's borrowings comprised 1) bank borrowings of HK\$461,525,000 (31 December 2010: HK\$495,872,000), of which HK\$189,668,000 (31 December 2010: HK\$218,987,000) was unsecured and HK\$271,857,000 (31 December 2010: HK\$276,885,000) was secured by bank deposits of HK\$306,549,000 (31 December 2010: HK\$294,813,000); and 2) loans from a related company of HK\$79,560,000 (31 December 2010: HK\$79,560,000). 29.6% (31 December 2010: 27.8%) of the Group's borrowings was guaranteed by the Company. As at 30 June 2011, all of the Group's borrowings were repayable within 1 year, while as at 31 December 2010, 72.2% of the Group's borrowings was repayable within 1 year, and the remaining balance was repayable within 2 years. All borrowings were subject to annual interest rates ranging from 1.34% to 3.84% (31 December 2010: 0.64% to 3.16%). 44.3% (31 December 2010: 41.6%) of the Group's borrowings bears interest at floating rates. The management pays attention to variations in interest rates.



## Business Review, Management Discussion and Analysis, Prospects and Other Information (Continued)

As at 30 June 2011, the Group's gearing ratio, calculated by dividing the net borrowings (being borrowings less cash and cash equivalents) of the Group by total equity attributable to equity shareholders of the Company, was -2.0% (31 December 2010: -0.8%).

As at 30 June 2011, the Group's available banking facilities amounted to HK\$394,000,000, of which HK\$225,143,000 was utilised and HK\$168,857,000 was unutilised. 40.6% of the Group's banking facilities was guaranteed by the Company. Currently, the cash reserves and available banking facilities, as well as the steady cash flow from operations, were sufficient to meet the Group's debt obligations and business operations.

### Capital Expenditure

The Group's capital expenditure in the first half of 2011 amounted to HK\$12,926,000 (first half of 2010: HK\$6,289,000). It is expected that the capital expenditure for 2011 will be approximately HK\$47,000,000, mainly for the technology improvement projects of the blackplate manufacturing plant of Zhongyue Tinplate to further enhance the quality and added value of the blackplates.

### Charge on Assets

As at 30 June 2011, certain assets of the Group with an aggregate carrying value of HK\$306,694,000 (31 December 2010: HK\$399,583,000) were pledged to secure loans and banking facilities of the Group.

### Exchange Rate and Interest Rate Exposures

The majority of the Group's business operations are in mainland China and Hong Kong. The Group is exposed to foreign currency risk primarily through import purchases from overseas suppliers and export sales to overseas customers that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is mainly the United States Dollar against Renminbi. In respect of trade receivables and payables denominated in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

In respect of unforeseen fluctuations of exchange rates, the Group will hedge the exposure as and when necessary. As at 30 June 2011, there were forward foreign exchange contracts of US\$35,960,000 (equivalent to HK\$280,488,000) (31 December 2010: US\$36,230,000 (equivalent to HK\$282,594,000)) entered into by the Group to hedge against foreign currency loans. In addition, as at 30 June 2011, there were forward foreign exchange contracts of US\$19,850,000 (equivalent to HK\$154,830,000) (31 December 2010: US\$26,850,000 (equivalent to HK\$209,430,000)) entered into by the Group to hedge against the foreign currency exposure in respect of financing the working capital of certain subsidiaries of the Group in the PRC. Except for the abovementioned, other borrowings are denominated in the functional currency of the corresponding entities.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2011, the Group had a total of 1,166 full-time employees, an increase of 17 from the end of 2010. 109 of the employees were based in Hong Kong and 1,057 were in mainland China. The staff remuneration is determined in accordance with the duties, workload, skill requirements, hardship, working conditions and individual performance with reference to the prevailing industry practices. In 2011, the Group continued to implement control on the headcount, organisation structure and total salaries of each subsidiary. The performance bonus incentive scheme for the management remained effective. Through performance assessment of each subsidiary, performance bonus for various profit rankings was paid on the basis of net cash inflow from operations and profit after taxation. In addition, bonuses will be rewarded to the management, key personnel and outstanding staff through assessment of individual performance. These incentive schemes have effectively improved the morale of our staff members. The Company has also adopted a share option scheme to encourage excellent participants to continue their contribution to the Group.

## PROSPECTS

Currently, there are a lot of uncertainties and underlying threats looming in the global economy and business environment. The persistent European debt crisis, slow recovery of the US economy and the introduction of the monetary tightening in mainland China notwithstanding its rapid economic growth puts pressure on liquidity and pace in placing purchase orders by many enterprises in mainland China. In respect of our tinplating business, the Group will continue to refine and implement the range of strategies set for the year of marketing breakthrough, to constantly improve the quality and increase the production volume of our blackplates, and at the same time to expand sources of procuring domestic blackplates. As the preparation for next year's marketing, we will also take advantage of the increasingly sufficient supply of major raw materials to increase production volume in order to achieve economies of scale. As to the fresh and live foodstuffs business, we will implement more sophisticated measures to manage our business, in order to further increase the quality of our services and ensure market supply. By leveraging on our sound financial position and abundant capital resources, we will continue to explore and capture various opportunities for development so as to lay a solid foundation for our sustainable development in future.

# Review Report



## **Review Report to the Board of Directors of Guangnan (Holdings) Limited**

*(Incorporated in Hong Kong with limited liability)*

### **Introduction**

We have reviewed the interim financial report set out on pages 11 to 39 which comprises the consolidated balance sheet of Guangnan (Holdings) Limited as of 30 June 2011 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows 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.

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**

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.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2011 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, Interim financial reporting.

#### **KPMG**

Certified Public Accountants

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

29 August 2011

# Consolidated Income Statement

for the six months ended 30 June 2011 – unaudited  
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Note	2011 \$'000	2010 \$'000
<b>Turnover</b>	3	<b>1,713,887</b>	1,397,946
Cost of sales		<b>(1,563,939)</b>	(1,177,245)
<b>Gross profit</b>		<b>149,948</b>	220,701
Other revenue	4	<b>7,846</b>	6,700
Other net income	4	<b>43,116</b>	15,399
Distribution costs		<b>(33,193)</b>	(27,938)
Administrative expenses		<b>(45,199)</b>	(47,256)
Other operating expenses		<b>(810)</b>	(885)
<b>Profit from operations</b>		<b>121,708</b>	166,721
Net valuation gains on investment properties	8(b)	<b>17,854</b>	374
Finance costs	5(a)	<b>(5,482)</b>	(3,774)
Share of profits of associates		<b>22,918</b>	20,567
<b>Profit before taxation</b>	5	<b>156,998</b>	183,888
Income tax	6	<b>(21,932)</b>	(31,573)
<b>Profit for the period</b>		<b>135,066</b>	152,315
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>125,006</b>	136,128
Non-controlling interests		<b>10,060</b>	16,187
<b>Profit for the period</b>		<b>135,066</b>	152,315
<b>Earnings per share</b>			
Basic	7(a)	<b>13.80 cents</b>	15.03 cents
Diluted	7(b)	<b>13.76 cents</b>	14.96 cents

The notes on pages 18 to 39 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 15(a).

# Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2011 – unaudited  
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2011 \$'000	2010 \$'000
<b>Profit for the period</b>	<b>135,066</b>	152,315
<b>Other comprehensive income for the period (after taxation):</b>		
Exchange differences on translation of financial statements of subsidiaries and associates outside Hong Kong	<b>38,573</b>	13,997
	<b>38,573</b>	13,997
<b>Total comprehensive income for the period</b>	<b>173,639</b>	166,312
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>160,445</b>	148,964
Non-controlling interests	<b>13,194</b>	17,348
<b>Total comprehensive income for the period</b>	<b>173,639</b>	166,312

The notes on pages 18 to 39 form part of this interim financial report.

# Consolidated Balance Sheet

at 30 June 2011 – unaudited  
(Expressed in Hong Kong dollars)

	Note	At 30 June 2011 \$'000	At 31 December 2010 \$'000
<b>Non-current assets</b>			
Fixed assets			
– Investment properties		318,165	295,832
– Other property, plant and equipment		814,179	825,123
– Interests in leasehold land held for own use under operating leases		109,709	109,884
	8	1,242,053	1,230,839
Interest in associates		268,983	214,724
Deferred tax assets		3,570	3,749
		1,514,606	1,449,312
<b>Current assets</b>			
Inventories	10	336,875	325,693
Trade and other receivables, deposits and prepayments	11	563,746	529,080
Current tax recoverable		–	644
Cash and cash equivalents	12	580,743	589,822
		1,481,364	1,445,239
<b>Current liabilities</b>			
Trade and other payables	13	275,238	302,009
Bank loans	14(a)	461,525	335,872
Loans from a related company	14(b)	79,560	79,560
Current tax payable		34,077	33,188
		850,400	750,629
<b>Net current assets</b>		630,964	694,610
<b>Total assets less current liabilities</b>		2,145,570	2,143,922

## Consolidated Balance Sheet (Continued)

at 30 June 2011 – unaudited  
(Expressed in Hong Kong dollars)

	<i>Note</i>	<b>At 30 June 2011 \$'000</b>	At 31 December 2010 \$'000
<b>Non-current liabilities</b>			
Bank loans	14(a)	–	160,000
Deferred tax liabilities		<b>48,418</b>	44,600
		<b>48,418</b>	204,600
<b>NET ASSETS</b>		<b>2,097,152</b>	1,939,322
<b>Capital and reserves</b>			
Share capital		<b>453,647</b>	452,962
Reserves		<b>1,481,985</b>	1,338,034
<b>Total equity attributable to equity shareholders of the Company</b>		<b>1,935,632</b>	1,790,996
<b>Non-controlling interests</b>		<b>161,520</b>	148,326
<b>TOTAL EQUITY</b>		<b>2,097,152</b>	1,939,322

The notes on pages 18 to 39 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

for the six months ended 30 June 2011 – unaudited  
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Capital reserve- share options	Exchange reserve	Special capital reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2011</b>	452,962	4,770	3,352	232,544	107,440	14,431	975,497	1,790,996	148,326	1,939,322
<b>Changes in equity for the six months ended 30 June 2011:</b>										
Profit for the period	-	-	-	-	-	-	125,006	125,006	10,060	135,066
Other comprehensive income	-	-	-	35,439	-	-	-	35,439	3,134	38,573
<b>Total comprehensive income</b>	-	-	-	35,439	-	-	125,006	160,445	13,194	173,639
Transfer to statutory reserves	-	-	-	-	-	2,576	(2,576)	-	-	-
Exercise of share options	685	649	(306)	-	-	-	-	1,028	-	1,028
Share options lapsed during the period	-	-	(44)	-	-	-	44	-	-	-
Share-based payment expenses for the period	-	-	1,281	-	-	-	-	1,281	-	1,281
Dividends approved in respect of the previous year	15(a)	-	-	-	-	-	(18,118)	(18,118)	-	(18,118)
<b>Balance at 30 June 2011</b>	453,647	5,419	4,283	267,983	107,440	17,007	1,079,853	1,935,632	161,520	2,097,152



# Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2011 – unaudited  
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company										
	Note	Share capital \$'000	Share premium \$'000	Capital reserve- share options \$'000	Exchange reserve \$'000	Special capital reserve \$'000	Other reserves \$'000	Retained profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance at 1 January 2010</b>		452,862	4,480	2,101	184,712	107,440	10,303	830,877	1,592,775	131,734	1,724,509
<b>Changes in equity for the six months ended 30 June 2010:</b>											
Profit for the period		-	-	-	-	-	-	136,128	136,128	16,187	152,315
Other comprehensive income		-	-	-	12,836	-	-	-	12,836	1,161	13,997
<b>Total comprehensive income</b>		-	-	-	12,836	-	-	136,128	148,964	17,348	166,312
Transfer to statutory reserves		-	-	-	-	-	6,043	(6,043)	-	-	-
Exercise of share options		100	290	(58)	-	-	-	-	332	-	332
Share-based payment expenses for the period		-	-	321	-	-	-	-	321	-	321
Dividends approved in respect of the previous year	15(a)	-	-	-	-	-	-	(27,178)	(27,178)	-	(27,178)
<b>Balance at 30 June 2010 and 1 July 2010</b>		452,962	4,770	2,364	197,548	107,440	16,346	933,784	1,715,214	149,082	1,864,296
<b>Changes in equity for the six months ended 31 December 2010:</b>											
Profit for the period		-	-	-	-	-	-	66,792	66,792	(471)	66,321
Other comprehensive income		-	-	-	34,996	-	-	-	34,996	3,145	38,141
<b>Total comprehensive income</b>		-	-	-	34,996	-	-	66,792	101,788	2,674	104,462
Transfer from statutory reserves		-	-	-	-	-	(1,915)	1,915	-	-	-
Share options lapsed during the period		-	-	(184)	-	-	-	184	-	-	-
Share-based payment expenses for the period		-	-	1,172	-	-	-	-	1,172	-	1,172
Dividends declared to a minority shareholder		-	-	-	-	-	-	-	-	(3,430)	(3,430)
Dividends declared in respect of the current year	15(a)	-	-	-	-	-	-	(27,178)	(27,178)	-	(27,178)
<b>Balance at 31 December 2010</b>		452,962	4,770	3,352	232,544	107,440	14,431	975,497	1,790,996	148,326	1,939,322

The notes on pages 18 to 39 form part of this interim financial report.

# Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2011 – unaudited  
(Expressed in Hong Kong dollars)

	<i>Note</i>	<b>Six months ended</b>	
		<b>2011</b>	2010
		<b>\$'000</b>	\$'000
Cash generated from operations		<b>115,628</b>	168,399
Income tax paid		<b>(17,023)</b>	(22,782)
Net cash generated from operating activities		<b>98,605</b>	145,617
Net cash (used in)/generated from investing activities		<b>(59,228)</b>	11,486
Net cash (used in)/generated from financing activities		<b>(70,850)</b>	110,937
(Decrease)/increase in cash and cash equivalents		<b>(31,473)</b>	268,040
Cash and cash equivalents at 1 January	12	<b>294,739</b>	134,943
Effect of foreign exchange rates changes		<b>10,783</b>	2,526
Cash and cash equivalents at 30 June	12	<b>274,049</b>	405,509

The notes on pages 18 to 39 form part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise stated)

## 1. Basis of preparation

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”). It was authorised for issuance on 29 August 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 annual financial statements. Details of these changes in accounting policies are set out in note 2.

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.

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 2010 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 Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company and by the auditors, 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 10.

The financial information relating to the financial year ended 31 December 2010 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 2010 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 24 March 2011.

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 2. Changes in accounting policies

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

- HKAS 24 (revised 2009), Related party disclosures
- Improvements to HKFRSs (2010)

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

The developments related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These development have had no material impact on the contents of this interim financial report.

## 3. Turnover and segment reporting

The Group manages its businesses by divisions, which are organised by products and services. 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 the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Tinplating : this segment produces and sells tinplates and related products which are mainly used as packaging materials for the food processing manufacturers.
- Fresh and live foodstuffs : this segment distributes, purchases and sells fresh and live foodstuffs.
- Property leasing : this segment leases office and industrial premises to generate rental income.

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 3. Turnover and segment reporting (Continued)

### (a) Segment results, assets and liabilities

In accordance with HKFRS 8, segment information disclosed in the interim financial report has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- Segment profit includes revenue and expenses that are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.
- Segment assets include all tangible assets and current assets with the exception of interest in associate not attributable to any segment and other corporate assets. Segment liabilities include current and non-current liabilities attributable to the business activities of the individual segments and borrowings managed directly by the segments.

In addition, management is provided with segment information concerning revenue (inter-segment sales are not material), profit or loss, assets, liabilities and other information relevant to the assessment of segment performance and allocation of resources between segments (if material). Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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:

For the six months ended 30 June	Tinplating		Fresh and live foodstuffs		Property leasing		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reportable segment revenue	1,582,230	1,282,293	118,291	102,124	13,366	13,529	1,713,887	1,397,946
Reportable segment profit	55,109	122,959	41,923	36,998	8,674	8,998	105,706	168,955
Reportable segment assets	2,247,101	2,245,592	176,418	122,302	328,308	308,621	2,751,827	2,676,515
Reportable segment liabilities	823,940	850,977	28,729	29,744	36,981	35,343	889,650	916,064

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 3. Turnover and segment reporting (Continued)

### (b) Reconciliations of reportable segment profit or loss, assets and liabilities

	Six months ended 30 June	
	2011 \$'000	2010 \$'000
<b>Profit</b>		
Reportable segment profit derived from the Group's external customers	105,706	168,955
Unallocated head office and corporate income and expenses	19,680	(2,234)
Net valuation gains on investment properties	17,854	374
Finance costs	(5,482)	(3,774)
Share of profit of associate not attributable to any segment	19,240	20,567
Consolidated profit before taxation	156,998	183,888
<b>Assets</b>		
	At 30 June 2011 \$'000	At 31 December 2010 \$'000
Reportable segment assets	2,751,827	2,676,515
Interest in associate not attributable to any segment	216,814	214,724
Unallocated head office and corporate assets	27,329	3,312
Consolidated total assets	2,995,970	2,894,551
<b>Liabilities</b>		
	At 30 June 2011 \$'000	At 31 December 2010 \$'000
Reportable segment liabilities	889,650	916,064
Unallocated head office and corporate liabilities	9,168	39,165
Consolidated total liabilities	898,818	955,229

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 4. Other revenue and net income

### Other revenue

	Six months ended 30 June	
	2011	2010
	\$'000	\$'000
Interest income	4,377	4,577
Subsidies received	1,285	638
Others	2,184	1,485
	<b>7,846</b>	6,700

### Other net income

	Six months ended 30 June	
	2011	2010
	\$'000	\$'000
Net (loss)/gain on forward foreign exchange contracts	(1,252)	7,006
Net realised and unrealised exchange gain	15,369	8,116
Write back of liabilities ( <i>note</i> )	28,090	–
Excess of the Group's interest in the acquiree's net fair value of the identifiable assets and liabilities over the cost of acquisition	147	–
Others	762	277
	<b>43,116</b>	15,399

*Note: The amounts mainly represent the write back of long outstanding liabilities as the statutory limitation periods stipulated in the relevant laws and regulations had expired and no actions were taken by these creditors.*

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 5. Profit before taxation

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

	Six months ended 30 June	
	2011 \$'000	2010 \$'000
(a) Finance costs:		
Interest on bank advances and other borrowings wholly repayable within 5 years	4,963	2,866
Interest on loans from a related company	519	908
	<b>5,482</b>	3,774
(b) Staff costs:		
Net contributions paid to defined contribution retirement plans	3,808	3,404
Equity-settled share-based payment expenses	1,281	321
Salaries, wages and other benefits	53,495	51,537
	<b>58,584</b>	55,262
(c) Other items:		
Amortisation of land lease premium	1,711	1,672
Depreciation	41,758	41,989
Operating lease charges in respect of property rentals	3,114	2,804
Share of associates' taxation ( <i>note</i> )	6,612	7,436
Rentals receivable from investment properties less direct outgoings of \$922,000 (30 June 2010: \$905,000)	<b>(12,444)</b>	(12,624)

*Note: Income tax for associates established and operating in the PRC is calculated based on the applicable rates of income tax ruling in the relevant provinces in the PRC.*



## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

### 6. Income tax in the consolidated income statement

Taxation in the consolidated income statement represents:

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2011 \$'000</b>	2010 \$'000
<b>Current tax – Provision for Hong Kong Profits Tax</b>			
Provision for Hong Kong Profits Tax at 16.5% (2010: 16.5%) on the estimated assessable profits for the period		<b>7,314</b>	5,702
<b>Current tax – the PRC</b>			
Tax for the period		<b>11,241</b>	25,103
Under/(over)-provision in respect of prior years	<i>(iv)</i>	<b>333</b>	(13,027)
		<b>11,574</b>	12,076
<b>Deferred tax</b>			
Origination and reversal of temporary differences		<b>3,044</b>	13,795
	<i>(i)</i>	<b>21,932</b>	31,573

Notes:

- (i) The provision for Hong Kong Profits Tax for 2011 is calculated by applying the estimated annual effective tax rate of 16.5% (2010: 16.5%) to the six months ended 30 June 2011. Income tax for subsidiaries established and operating in the PRC is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant provinces or economic zones in the PRC.

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 6. Income tax in the consolidated income statement (Continued)

Taxation in the consolidated income statement represents: (Continued)

Notes: (Continued)

- (ii) *In accordance with the Corporate Income Tax Law of the PRC ("New Tax Law"), the standard PRC Enterprise Income Tax rate is 25% with effect from 1 January 2008. Furthermore, the State Council of the PRC passed the implementation guidance ("Implementation Guidance") on 26 December 2007, which sets out the details of how the existing preferential income tax rates will be adjusted to the standard rate of 25%. According to the Implementation Guidance, the income tax rate for certain PRC subsidiaries of the Group is to be changed gradually to the standard rate of 25% over a five-year transition period beginning from 2008. The details of the tax relief are disclosed below.*
- (iii) *Zhongyue Posco (Qinhuangdao) Tinplate Industrial Co., Ltd., being a foreign investment enterprise established in the PRC before the New Tax Law was passed on 16 March 2007, was entitled to a tax holiday of a tax-free period for the first and second years and a 50% reduction in the income tax rate for the third to fifth years beginning from the year 2008. The provision for 2011 is calculated by applying the tax rate of 12%, being 50% of the transitional tax rate of 24%, to the taxable profit for the six months ended 30 June 2011.*
- (iv) *The amount for the six months ended 30 June 2010 represents reversal of an over-provision for PRC income tax in respect of the prior years.*
- (v) *According to the New Tax Law, dividends declared by the PRC subsidiaries and associates to investors incorporated in Hong Kong are subject to a withholding tax of 5%.*

*In accordance with Caishui (2008) No. 1 issued by State Tax Authorities, undistributed profits from the PRC companies up to 31 December 2007 will be exempted from withholding tax when they are distributed in future.*

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 7. Earnings per share

### (a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2011 is based on the profit attributable to ordinary equity shareholders of the Company of \$125,006,000 (30 June 2010: \$136,128,000) and the weighted average number of 906,045,000 (30 June 2010: 905,785,000) ordinary shares in issue during the period, calculated as follows:

#### **Weighted average number of ordinary shares**

	Six months ended 30 June	
	2011 '000	2010 '000
Issued ordinary shares at 1 January	905,923	905,723
Effect of share options exercised ( <i>note 15(b)</i> )	122	62
Weighted average number of ordinary shares	906,045	905,785

### (b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2011 is based on the profit attributable to ordinary equity shareholders of the Company of \$125,006,000 (30 June 2010: \$136,128,000) and the weighted average number of ordinary shares of 908,293,000 (30 June 2010: 909,767,000), calculated as follows:

#### **Weighted average number of ordinary shares (diluted)**

	Six months ended 30 June	
	2011 '000	2010 '000
Weighted average number of ordinary shares used in the basic earnings per share calculation	906,045	905,785
Effect of deemed issue of ordinary shares under the Company's share option schemes for nil consideration ( <i>note 15(b)</i> )	2,248	3,982
Weighted average number of ordinary shares (diluted)	908,293	909,767

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 8. Fixed assets

### (a) Acquisitions

During the six months ended 30 June 2011, the Group acquired items of property, plant and equipment with a cost of \$12,926,000 (30 June 2010: \$6,289,000).

### (b) Investment properties

Investment properties situated in Hong Kong were revalued at 30 June 2011 by an independent firm of surveyors, Vigers Appraisal and Consulting Limited, who have among their staff members of Hong Kong Institute of Surveyors, on an open market value basis. Investment properties situated in the PRC were revalued at 30 June 2011 by either 廣東財興資產評估土地房地產估價有限公司 or 秦皇島求實資產評估事務所, independent firms of valuers registered in the PRC, on an open market value basis. Based on the valuations, a net gain of \$17,854,000 (30 June 2010: \$374,000), and deferred tax thereon of \$3,214,000 (30 June 2010: \$72,000), have been included in the consolidated income statement.

### (c) Leases

The Group leases out investment properties under operating leases. The leases run for an initial period of 1 to 28 years, with an option to renew the leases upon expiry at which time all terms are renegotiated. None of the leases includes contingent rentals.

The gross carrying amounts of investment properties of the Group held for use in operating leases was \$318,165,000 (31 December 2010: \$295,832,000).

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 9. Acquisition of an associate

On 13 January 2011, the Group acquired a 19.53% equity interest in Hubei Liangyou Livestock and Poultry Co., Ltd. ("Hubei Liangyou"), a limited liability company established in the PRC, at a consideration of RMB40 million (equivalent to approximately \$47 million). Hubei Liangyou and its subsidiaries are in the business of pig farming and related activities. Management consider that the Group is able to significant influence over Hubei Liangyou as a result of representation on the board of directors, secondment of management personnel and material transactions between two entities and, therefore, has accounted for the investment as an associate.

Details of assets acquired and liabilities assumed as at the acquisition date were as follows:

	\$'000
Fixed assets	137,589
Biological assets	55,408
Other non-current assets	20,477
Inventories	15,011
Trade and other receivables	79,181
Cash and cash equivalents	50,209
Trade and other payables	(68,523)
Interest bearing borrowings	(121,021)
Deferred tax liabilities	(14,015)
Net identifiable assets and liabilities	154,316
Capital injection by the Group and other shareholders	88,140
	242,456
Share of net assets	47,352
Excess of the Group's interest in the acquiree's net fair value of the identifiable assets and liabilities over the cost of acquisition ( <i>note 4</i> )	(147)
Consideration paid in cash	47,205

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 10. Inventories

Inventories in the consolidated balance sheet comprise:

	<b>At 30 June 2011 \$'000</b>	At 31 December 2010 \$'000
Raw materials, spare parts and consumables	<b>188,401</b>	168,659
Work in progress	<b>16,527</b>	20,827
Finished goods	<b>131,947</b>	136,207
	<b>336,875</b>	325,693

Based on management's assessment of the net realisable value of inventories, there was a write-down of inventories to estimated net realisable value by approximately \$7,491,000 during the period (30 June 2010: \$Nil).

## 11. Trade and other receivables, deposits and prepayments

	<b>At 30 June 2011 \$'000</b>	At 31 December 2010 \$'000
Trade debtors	<b>152,962</b>	94,324
Bills receivable	<b>263,195</b>	281,132
Other receivables, deposits and prepayments	<b>88,156</b>	86,263
Amounts due from a related company ( <i>note</i> )	<b>38,164</b>	67,361
Amount due from an associate	<b>21,269</b>	–
	<b>563,746</b>	529,080

*Note: The amounts represent trade balances due from a company related to the minority shareholder of a non-wholly owned subsidiary.*

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

### 11. Trade and other receivables, deposits and prepayments (Continued)

Included in trade and other receivables, deposits and prepayments are trade debtors, bills receivable and trade balances due from a related company (net of allowance for bad and doubtful debts) with the following ageing analysis:

	<b>At 30 June 2011 \$'000</b>	At 31 December 2010 \$'000
Current	<b>453,664</b>	435,395
Less than 1 month past due	–	4,461
1 to 3 months past due	<b>550</b>	2,596
More than 3 months but less than 12 months past due	<b>107</b>	365
Amounts past due	<b>657</b>	7,422
	<b>454,321</b>	442,817

There is no significant recognition or reversal of impairment losses in respect of trade and other receivables, deposits and prepayments during the six months ended 30 June 2011 and 2010.

For the tinplating operations, deposits, prepayments, bills or letters of credit are normally obtained from customers. Credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables are usually due within 30 days from the date of billing and the maturity dates for bills receivable issued by banks range from 3 to 6 months. For the foodstuffs trading business, the credit period usually ranges from 1 to 2 months. For the distribution of fresh and live foodstuffs business, the credit period is usually less than 1 month. Cash deposits or financial guarantees from other parties are required for certain customers. For the Group's property leasing business, rental is collected 1 month in advance and rental deposits are obtained from the tenants. In general, debtors of the Group with balances that are more than 1 month overdue are requested to settle all outstanding balances before any further credit is granted.

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 12. Cash and cash equivalents

Analysis of the balances of cash and cash equivalents is set out below:

	<b>At 30 June 2011 \$'000</b>	At 31 December 2010 \$'000
Deposits with banks	<b>306,550</b>	294,813
Cash at bank and in hand	<b>274,193</b>	295,009
Cash and cash equivalents in the consolidated balance sheet	<b>580,743</b>	589,822
Pledged bank deposits	<b>(306,694)</b>	(295,083)
Cash and cash equivalents in the condensed consolidated cash flow statement	<b>274,049</b>	294,739

## 13. Trade and other payables

Included in trade and other payables are trade creditors and trade balances due to a related company with the following ageing analysis:

	<b>At 30 June 2011 \$'000</b>	At 31 December 2010 \$'000
Due within 1 month or on demand	<b>114,266</b>	135,423

Trade and other payables include the following balances with related parties:

	<b>At 30 June 2011 \$'000</b>	At 31 December 2010 \$'000
Amounts due to a related company ( <i>note</i> )	<b>75,316</b>	78,865
Amount due to a fellow subsidiary	<b>23,250</b>	23,250
Amounts due to an associate	<b>1,611</b>	–

*Note: The amounts represent trade balances due to a company related to the minority shareholder of a non-wholly owned subsidiary.*



## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

### 14. Borrowings

	Note	At 30 June 2011 \$'000	At 31 December 2010 \$'000
(a) Bank loans			
– unsecured	(i)	189,668	218,987
– secured by bank deposits	(ii)	271,857	276,885
		461,525	495,872

At 30 June 2011, the bank loans were repayable as follows:

	At 30 June 2011 \$'000	At 31 December 2010 \$'000
Within 1 year or on demand	461,525	335,872
After 1 year but within 2 years	–	160,000
	461,525	495,872

Notes:

- (i) Included in unsecured bank loans are loans of \$160,000,000 (31 December 2010: \$160,000,000) which are guaranteed by the Company and subject to fulfilment of certain loan covenants (note 14(a)(iii)).
- (ii) The loans are secured by bank deposits of \$306,549,000 (31 December 2010: \$294,813,000).

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 14. Borrowings (Continued)

### (a) Bank loans (Continued)

Notes: (Continued)

- (iii) *It is provided in the loan agreements that if the immediate holding company, GDH Limited, ceases to maintain (i) a direct or indirect holding of 50% or more of the voting share capital of the Company, or (ii) an effective management control over the Company, then the lenders are entitled to request immediate repayment of these outstanding loans and all accrued interest.*

*Further, the loans are subject to the fulfilment of covenants relating to certain of the Group's balance sheet and income statement ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the amount would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2011, none of the covenants relating to the bank loans had been breached.*

	<b>At 30 June 2011 \$'000</b>	At 31 December 2010 \$'000
(b) Loans from a related company	<b>79,560</b>	79,560

At 30 June 2011 and 31 December 2010, the loans were provided to a non-wholly owned subsidiary of the Group by a company related to the minority shareholder of this non-wholly owned subsidiary. The loans are unsecured, interest-bearing at 3-month London Interbank Offered Rate ("LIBOR") + 1% per annum and repayable on either 7 September 2011 or 14 October 2011. The Group also provided loans of \$154,440,000 (31 December 2010: \$154,440,000) to this non-wholly owned subsidiary in proportion to the Group's shareholding therein.

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 15. Capital, reserves and dividends

### (a) Dividends

- (i) *Dividends payable to equity shareholders of the Company attributable to the interim period declared after the interim period*

	Six months ended 30 June	
	2011	2010
	\$'000	\$'000
Interim dividend declared after the interim period of 2.5 cents per ordinary share (30 June 2010: 3.0 cents per ordinary share)	22,682	27,178

The interim dividend declared after the balance sheet date has not been recognised as a liability at the balance sheet date.

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

	Six months ended 30 June	
	2011	2010
	\$'000	\$'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period of 2.0 cents per ordinary share (30 June 2010: 3.0 cents per ordinary share)	18,118	27,178

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 15. Capital, reserves and dividends (Continued)

### (b) Equity-settled share-based transactions

During the six months ended 30 June 2011, 1,370,000 share options were exercised to subscribe for 1,370,000 ordinary shares at a consideration of \$1,028,000 of which \$685,000 was credited to share capital and the balance of \$343,000 was credited to the share premium account. \$306,000 was transferred from capital reserve – share options to the share premium account in accordance with the Group's accounting policies. These 1,370,000 ordinary shares of par value \$0.50 each rank pari passu with the existing ordinary shares of the Company in all respects.

During the six months ended 30 June 2010, 200,000 share options were exercised to subscribe for 200,000 ordinary shares at a consideration of \$332,000 of which \$100,000 was credited to share capital and the balance of \$232,000 was credited to the share premium account. \$58,000 was transferred from capital reserve – share options to the share premium account in accordance with the Group's accounting policies. These 200,000 ordinary shares of par value \$0.50 each rank pari passu with the existing ordinary shares of the Company in all respects.

In addition, during the six months ended 30 June 2011, 150,000 share options lapsed and there was no expiry of share options. During the six months ended 30 June 2010, there was no lapse or expiration of share options.

22,580,000 share options (31 December 2010: 24,100,000 share options) were outstanding at 30 June 2011 and the weighted average exercise price is \$1.366 (31 December 2010: \$1.333).

## 16. Retirement benefit schemes

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees in Hong Kong under the jurisdiction of the Hong Kong Employment Ordinance. The assets of the MPF Scheme are held separately from those of the Group and administered by an independent trustee. Under the MPF Scheme, the Group and its employees are each required to make a contribution to the Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of \$20,000 (the "Cap"). The amounts in excess of the Cap are contributed to the MPF Scheme by both employers and employees as voluntary contributions. Mandatory contributions to the MPF Scheme are vested to the employees immediately. Any unvested balance from voluntary contributions is refunded to the Group.

Employees engaged by the Group outside Hong Kong are covered by the appropriate local defined contribution retirement schemes pursuant to the local labour rules and regulations.

The Group's pension cost charged to the consolidated income statement for the six months ended 30 June 2011 was \$3,808,000 (30 June 2010: \$3,404,000). There were no forfeited contributions refunded for the period (30 June 2010: \$Nil).

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 17. Commitments

- (a) Capital commitments outstanding at 30 June 2011 not provided for in the interim financial report were as follows:

	<b>At 30 June 2011 \$'000</b>	At 31 December 2010 \$'000
Contracted for	<b>18,543</b>	10,377
Authorised but not contracted for	<b>4,310</b>	21,648
	<b>22,853</b>	32,025

- (b) At 30 June 2011, the total future minimum lease payments under non-cancellable operating leases of properties are payable as follows:

	<b>At 30 June 2011 \$'000</b>	At 31 December 2010 \$'000
Within 1 year	<b>2,811</b>	2,016
After 1 year but within 5 years	<b>1,682</b>	80
	<b>4,493</b>	2,096

The Group leases a number of properties under operating leases. The leases run for an initial period of 1 to 3 years, with an option to renew each lease upon expiry when all terms are renegotiated. None of the leases includes contingent rentals.

- (c) At 30 June 2011, the Company had committed to provide finance of \$6,489,000 (31 December 2010: \$6,489,000) to an associate of the Group.
- (d) At 31 December 2010, the Group had committed to acquire 19.53% equity interest in a PRC entity at a consideration of RMB40 million (equivalent to approximately \$47 million). The acquisition has been completed during the six months ended 30 June 2011 as disclosed in note 9.

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 18. Material related party transactions

In addition to the transactions and balances disclosed elsewhere in this interim financial report, the Group entered into the following material related party transactions.

### (a) Transactions with related parties

The Group had the following transactions with the related parties during the period which the directors consider to be material:

	Note	Six months ended 30 June 2011 \$'000	2010 \$'000
Sales of goods to related companies	(i)	529,151	325,601
Commission receivable from an associate	(iii)	6,194	–
Commission payable to a related company	(i), (ii)	7,937	4,169
Technical guidance services fee payable to a related company	(i)	–	445
Purchases of goods from			
– an associate		–	663
– related companies	(i)	639,207	545,677

Notes:

- (i) Related companies refer to a minority shareholder of a non-wholly owned subsidiary of the Group, POSCO Co., Ltd and its subsidiaries.
- (ii) Commission in respect of export distribution services provided to the Group is charged at 1.5% of the contracted prices payable by the overseas customers.
- (iii) This represents commission earned for services rendered to an associate in respect of distribution of fresh and live foodstuffs.
- (iv) Balances with related parties are included in amounts due from/to the respective related parties in the consolidated balance sheet. Except for the trade balances with related companies as disclosed in notes 11 and 13 which are settled in accordance with normal trade terms, and the loans from a related company as disclosed in note 14(b), these balances are unsecured, interest-free and have no fixed terms of repayment.

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 18. Material related party transactions (Continued)

### (b) Transactions with other state-controlled entities in the PRC

The Group is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government (“state-controlled entities”) through its government authorities, agencies, affiliations and other organisations.

Other than those transactions disclosed elsewhere in this interim financial report, the Group also conducts business activities with other state-controlled entities which include but are not limited to the following:

- Sales and purchase of goods and ancillary materials;
- Rendering and receiving services;
- Lease of assets;
- Purchase of property, plant and equipment; and
- Obtaining finance.

These transactions are conducted in the ordinary course of the Group’s business on terms comparable to those with other entities that are not state-controlled. The Group has established its buying, pricing strategy and approval process for purchases and sales of products and services. Such buying, pricing strategy and approval processes do not depend on whether the counterparties are state-controlled or not.

Having considered the potential transactions impacted by related party relationships, the Group’s pricing strategy, buying and approval process and what information would be necessary for an understanding of the potential effects of the transactions on the interim financial report, the directors are of the opinion that there are no other transactions that require disclosure as related party transactions.

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 18. Material related party transactions (Continued)

### (c) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors is as follows:

	Six months ended 30 June	
	2011 \$'000	2010 \$'000
Short-term employee benefits	3,127	2,031
Post-employment benefits	453	329
Equity compensation benefits	756	174
	<b>4,336</b>	2,534

## 19. Litigation

In October 2009, a PRC third party filed a claim against a subsidiary of the Group to recover an outstanding trade debt of approximately RMB2,060,000 (equivalent to \$2,477,000) and a penalty of approximately RMB5,376,000 (equivalent to \$6,465,000) for non-payment. During the six months ended 30 June 2011, this PRC third party withdrew the claim. Accordingly, the Group has no financial exposure in respect of this claim.



# Supplementary Information

## Directors' Interests and Short Positions in Securities

As at 30 June 2011, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and the chief executives were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

### Interests and Short Positions in the Company

#### (A) Interests in ordinary shares

Name of Director	Capacity/nature of interests	Number of ordinary shares held	Long/short position	Approximate percentage of interests held
				(Note)
Liang Jiang	Personal	1,210,000	Long position	0.133%
Li Li	Personal	1,417,000	Long position	0.156%
Tan Yunbiao	Personal	240,000	Long position	0.026%
Sung Hem Kuen	Personal	180,000	Long position	0.020%
Gerard Joseph McMahon	Personal	300,000	Long position	0.033%
Tam Wai Chu, Maria	Personal	200,000	Long position	0.022%
Li Kar Keung, Caspar	Personal	100,000	Long position	0.011%

Note: The approximate percentage of interests held was calculated on the basis of 907,293,285 ordinary shares of the Company in issue as at 30 June 2011.

## Supplementary Information (Continued)

### (B) Interests (long positions) in options relating to ordinary shares

#### (i) Share option scheme adopted on 11 June 2004 ("2004 Share Option Scheme")

Name of Director	Date of grant of share options <sup>†</sup> (DD.MM.YYYY)	Number of share options				At 30 June 2011	Total consideration paid for share options granted HK\$	Exercise period of share options (both days inclusive) <sup>##</sup> (DD.MM.YYYY)	Exercise price of share options* HK\$ (per share)	Price of ordinary share at date immediately before date of grant** HK\$ (per share)	Price of ordinary share at date immediately before the exercise date** HK\$ (per share)
		At 1 January 2011	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period						
Liang Jiang	09.03.2006	2,000,000	-	-	-	2,000,000	1	09.06.2006 to 08.03.2016	1.66	1.61	-
Tan Yunbiao	09.03.2006	2,000,000	-	-	-	2,000,000	1	09.06.2006 to 08.03.2016	1.66	1.61	-
Luo Fanyu	09.03.2006	200,000	-	-	-	200,000	1	09.06.2006 to 08.03.2016	1.66	1.61	-
Li Kar Keung, Caspar	09.03.2006	200,000	-	-	-	200,000	1	09.06.2006 to 08.03.2016	1.66	1.61	-

Notes to the above share options granted pursuant to 2004 Share Option Scheme:

# The vesting period of the share options is from the date of grant until the commencement of the exercise period or the grantee's completion of half year's full time service with the Company or its subsidiaries, whichever is the later.

## If the last day of any of the exercise periods is not a business day in Hong Kong, the exercise period shall end at the close of business on the last business day preceding that day.

#### (ii) Share option scheme adopted on 29 December 2008 ("2008 Share Option Scheme")

Name of Director	Date of grant of share options (DD.MM.YYYY)	Number of share options				At 30 June 2011	Total consideration paid for share options granted HK\$	Exercise price of share options* HK\$ (per share)	Price of ordinary share at date immediately before date of grant** HK\$ (per share)	Price of ordinary share at date immediately before the exercise date** HK\$ (per share)	
		At date of grant	At 1 January 2011	Granted during the period	Exercised during the period						Cancelled/Lapsed during the period
Liang Jiang	30.12.2008	2,150,000	1,720,000	-	430,000	-	1,290,000	-	0.75	0.74	1.34
	05.07.2010	3,100,000	3,100,000	-	-	-	3,100,000	-	1.45	1.44	-
Li Li	05.07.2010	1,090,000	1,090,000	-	-	-	1,090,000	-	1.45	1.44	-
Tan Yunbiao	30.12.2008	1,200,000	960,000	-	240,000	-	720,000	-	0.75	0.74	1.34
	05.07.2010	2,100,000	2,100,000	-	-	-	2,100,000	-	1.45	1.44	-
Sung Hem Kuen	30.12.2008	900,000	720,000	-	180,000	-	540,000	-	0.75	0.74	1.34
	05.07.2010	1,860,000	1,860,000	-	-	-	1,860,000	-	1.45	1.44	-

## Supplementary Information (Continued)

Notes to the above share options granted pursuant to 2008 Share Option Scheme:

- (a) The option period of all the share options is 5.5 years from the date of grant.
- (b) Any share option is only exercisable during the option period after it has become vested.
- (c) The normal vesting scale of the share options is as follows:

<b>Date</b>	<b>Percentage vesting</b>
The date two years after the date of grant	40%
The date three years after the date of grant	30%
The date four years after the date of grant	10%
The date five years after the date of grant	20%

- (d) The vesting of the share options is further subject to the achievement of such performance targets as determined by the board of directors of the Company (the "Board") upon grant and stated in the offer of grant.
- (e) The leaver vesting scale of the share options that would apply in the event of the grantee ceasing to be an eligible person under certain special circumstances (less the percentage which has already vested under the normal vesting scale or lapsed) is as follows:

<b>Date on which event occurs</b>	<b>Percentage vesting</b>
On or before the date which is four months after the date of grant	0%
After the date which is four months after but before the date which is one year after the date of grant	10%
On or after the date which is one year after but before the date which is two years after the date of grant	25%
On or after the date which is two years after but before the date which is three years after the date of grant	40%
On or after the date which is three years after but before the date which is four years after the date of grant	70%
On or after the date which is four years after the date of grant	80%
	The remaining 20% also vests upon passing the overall performance appraisal for those four years

(iii) Notes to the reconciliation of share options outstanding during the period:

- \* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- \*\* The price of the Company's ordinary shares disclosed as "immediately before date of grant" of the share options is the closing price on the Stock Exchange on the business day prior to which the options were granted.

The price of the Company's ordinary shares disclosed as "immediately before the exercise date" of the share options is the weighted average of the Stock Exchange closing prices immediately before the dates on which the options were exercised by each of the directors or all other participants as an aggregate whole.

## Interests and Short Positions in Guangdong Investment Limited

### (A) Interests in ordinary shares

Name of Director	Capacity/nature of interests	Number of ordinary shares held	Long/short position	Approximate percentage of interests held
				(Note)
Liang Jianqin	Personal	100,000	Long position	0.002%

Note: The approximate percentage of interests held was calculated on the basis of 6,230,898,071 ordinary shares of Guangdong Investment Limited ("GDI") in issue as at 30 June 2011.

### (B) Interests (long positions) in options relating to ordinary shares

Name of Director	Date of grant of share options (DD.MM.YYYY)	Number of share options					At 30 June 2011	Total consideration paid for share options granted HK\$	Exercise price of share options <sup>a</sup> HK\$ (per share)	Price of ordinary share at date immediately before date of grant <sup>aa</sup> HK\$ (per share)	Price of ordinary share at date immediately before the exercise date <sup>aa</sup> HK\$ (per share)
		At date of grant	At 1 January 2011	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period					
Huang Xiaofeng	24.10.2008	5,700,000	5,700,000	-	-	-	5,700,000	-	1.88	1.73	-

Notes to the above share options granted pursuant to the share option scheme adopted by GDI on 24 October 2008:

- The option period of all the share options is 5.5 years from the date of grant.
- Any share option is only exercisable during the option period after it has become vested.
- The normal vesting scale of the share options is as follows:

Date	Percentage vesting
The date two years after the date of grant	40%
The date three years after the date of grant	30%
The date four years after the date of grant	10%
The date five years after the date of grant	20%

- The vesting of the share options is further subject to the achievement of such performance targets as determined by the board of directors of GDI upon grant and stated in the offer of grant.

## Supplementary Information (Continued)

- (e) *The leaver vesting scale of the share options that would apply in the event of the grantee ceasing to be an eligible person under certain special circumstances (less the percentage which has already vested under the normal vesting scale or lapsed) is as follows:*

<b>Date on which event occurs</b>	<b>Percentage vesting</b>
<i>On or before the date which is four months after the date of grant</i>	<i>0%</i>
<i>After the date which is four months after but before the date which is one year after the date of grant</i>	<i>10%</i>
<i>On or after the date which is one year after but before the date which is two years after the date of grant</i>	<i>25%</i>
<i>On or after the date which is two years after but before the date which is three years after the date of grant</i>	<i>40%</i>
<i>On or after the date which is three years after but before the date which is four years after the date of grant</i>	<i>70%</i>
<i>On or after the date which is four years after the date of grant</i>	<i>80%</i>
	<i>The remaining 20% also vests upon passing the overall performance appraisal for those four years</i>

- <sup>Δ</sup> *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in GDI's share capital.*

- <sup>ΔΔ</sup> *The price of GDI's ordinary shares disclosed as "immediately before date of grant" of the share options is the closing price on the Stock Exchange on the business day prior to which the options were granted.*

*The price of the GDI's ordinary shares disclosed as "immediately before the exercise date" of the share options is the weighted average of the Stock Exchange closing prices immediately before the dates on which the options were exercised by each of the directors or all other participants as an aggregate whole.*

## Interests and Short Positions in Kingway Brewery Holdings Limited

### Interests in ordinary shares

<b>Name of Director</b>	<b>Capacity/nature of interests</b>	<b>Number of ordinary shares held</b>	<b>Long/short position</b>	<b>Approximate percentage of interests held</b>
				(Note)
Luo Fanyu	Personal	86,444	Long position	0.005%
Liang Jianqin	Personal	56,222	Long position	0.003%

*Note: The approximate percentage of interests held was calculated on the basis of 1,711,536,850 ordinary shares of Kingway Brewery Holdings Limited in issue as at 30 June 2011.*

### Interests and Short Positions in Guangdong Tannery Limited

#### Interests in ordinary shares

Name of Director	Capacity/nature of interests	Number of ordinary shares held	Long/short position	Approximate percentage of interests held
				<i>(Note)</i>
Luo Fanyu	Personal	70,000	Long position	0.013%

*Note: The approximate percentage of interests held was calculated on the basis of 538,019,000 ordinary shares of Guangdong Tannery Limited in issue as at 30 June 2011.*

Save as disclosed above, as at 30 June 2011, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and chief executives were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the period was the Company, its holding companies or any of its subsidiaries or associated corporation a party to any arrangements to enable the directors of the Company or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporates.

### Substantial Shareholders' Interests

As at 30 June 2011, so far as is known to any directors and chief executives of the Company, the following persons (other than directors and chief executives of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company under Section 336 of the SFO:

Name of shareholder	Number of ordinary shares beneficially held	Long/short position	Approximate percentage of interests held
			<i>(Note 1)</i>
廣東粵海控股有限公司 (Guangdong Holdings Limited) ("Guangdong Holdings") <i>(Note 2)</i>	537,198,868	Long position	59.21%
GDH Limited ("GDH")	537,198,868	Long position	59.21%

Notes:

1. *The approximate percentage of interests held was calculated on the basis of 907,293,285 ordinary shares of the Company in issue as at 30 June 2011.*
2. *The attributable interest which Guangdong Holdings has in the Company is held through its 100% direct interest in GDH.*

Save as disclosed above, as at 30 June 2011, no other person (other than directors and chief executives of the Company) known to any directors and chief executives of the Company had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register kept by the Company under Section 336 of the SFO.

### Share Option Schemes

On 11 June 2004, the Company adopted 2004 Share Option Scheme enabling the Company to attract, retain and motivate high caliber and talented participants to make contributions to the Group. On the same day, the Company also terminated the share option scheme adopted on 24 August 2001.

On 29 December 2008, the Company terminated 2004 Share Option Scheme and adopted 2008 Share Option Scheme, as to provide incentives to selected employees, officers and directors to contribute to the Group and to provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to such employees, officers and directors or to serve such other purposes as the Board may approve from time to time. Upon termination of 2004 Share Option Scheme, no further share options will be granted thereunder but in all other respects, the provisions of 2004 Share Option Scheme shall remain in force and all existing share options which have been granted prior to such termination shall continue to be valid and exercisable in accordance therewith.

During the period, 150,000 share options were lapsed and no share options were exercised nor cancelled under 2004 Share Option Scheme.

During the period, 1,370,000 share options were exercised and no share options were cancelled, lapsed nor granted under 2008 Share Option Scheme.

As at 30 June 2011, options were outstanding under 2004 Share Option Scheme and 2008 Share Option Scheme entitling the holders to subscribe for 4,700,000 shares and 17,880,000 shares of the Company respectively.

As at 30 June 2011, save as disclosed under "Interests (long positions) in options relating to ordinary shares" on pages 41 and 42, certain employees and other participants of the Company had the following interests in rights to subscribe for shares of the Company granted under 2004 Share Option Scheme and 2008 Share Option Scheme. Each option gives the holder the right to subscribe for one share of par value HK\$0.5 each of the Company.

## Supplementary Information (Continued)

### (i) 2004 Share Option Scheme

Category	Date of grant of share options <sup>†</sup> (DD.MM.YYYY)	Number of share options				At 30 June 2011	Total consideration paid for share options granted HK\$	Exercise period of share options (both days inclusive) <sup>##</sup> (DD.MM.YYYY)	Exercise price of share options* HK\$ (per share)	Price of ordinary share at date immediately before date of grant** HK\$ (per share)	Price of ordinary share at date immediately before the exercise date** HK\$ (per share)
		At 1 January 2011	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period						
Employees	09.03.2006	450,000	-	-	150,000	300,000	1	09.06.2006 to 08.03.2016	1.66	1.61	-

Notes to the above share options granted pursuant to 2004 Share Option Scheme:

# The vesting period of the share options is from the date of grant until the commencement of the exercise period or the grantee's completion of half year's full time service with the Company or its subsidiaries, whichever is the later.

## If the last day of any of the exercise periods is not a business day in Hong Kong, the exercise period shall end at the close of business on the last business day preceding that day.

### (ii) 2008 Share Option Scheme

Category	Date of grant of share options (DD.MM.YYYY)	Number of share options				At 30 June 2011	Total consideration paid for share options granted HK\$	Exercise price of share options* HK\$ (per share)	Price of ordinary share at date immediately before date of grant** HK\$ (per share)	Price of ordinary share at date immediately before the exercise date** HK\$ (per share)
		At date of grant	At 1 January 2011	Granted during the period	Exercised during the period					
Employees	30.12.2008	2,600,000	2,080,000	-	520,000	-	-	0.75	0.74	1.34
	05.07.2010	5,620,000	5,620,000	-	-	-	5,620,000	1.45	1.44	-

Notes to 2008 Share Option Scheme are set out in the "Notes to the above share options granted pursuant to 2008 Share Option Scheme" in the "Directors' Interests and Short Positions in Securities" section of this report on page 42.

(iii) Notes to the reconciliations of share options outstanding during the period under 2004 Share Option Scheme and 2008 Share Option Scheme are set out in the "(iii) Notes to the reconciliation of share options outstanding during the period" in the "Director's Interests and Short Positions in Securities" section of this report on page 42.



### Corporate Governance and Other Information

#### Code on Corporate Governance Practices

The Company has applied the principles and complied with the code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2011.

#### Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors’ securities transactions. All directors have confirmed, upon specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2011.

#### Board of Directors

At present, the Board comprises four Executive Directors, being Messrs. Liang Jiang, Li Li, Tan Yunbiao and Sung Hem Kuen, three Non-Executive Directors, being Mr. Huang Xiaofeng, Mr. Luo Fanyu and Ms. Liang Jianqin, and three Independent Non-Executive Directors, being Mr. Gerard Joseph McMahon, Ms. Tam Wai Chu, Maria and Mr. Li Kar Keung, Caspar.

The Board is responsible for the leadership and control of the Company and oversees the Group’s businesses, strategic decisions and performances. The management was delegated the authority and responsibility by the Board for the day-to-day management of the Group. Major corporate matters that are specifically delegated by the Board to the management include the preparation of interim and annual reports and announcements for Board approval before publishing, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory and regulatory requirements and rules and regulations.

#### Changes in Directors’ Information

Commencing 1 January 2011, the remuneration which includes basic salaries, allowances and other benefits for Messrs. Liang Jiang, Li Li, Tan Yunbiao and Sung Hem Kuen, amounts to approximately HK\$630,000, HK\$640,000, HK\$450,000 and HK\$1,050,000 per annum respectively.

Mr. Liang ceased to be the chairman and director of two subsidiaries of the Company, Zhongshan Zhongyue Tinplate Industrial Co., Ltd. (“Zhongyue Tinplate”) and Zhongyue Posco (Qinhuangdao) Tinplate Industrial Co., Ltd from July 2011.

## Supplementary Information (Continued)

Mr. Tan became the chairman of Zhongyue Tinplate and ceased to be the general manager of Zhongyue Tinplate from July 2011.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### **Audit Committee**

The Company established an audit committee (“Audit Committee”) in 1999 and its terms of reference are in line with the CG Code. The Audit Committee comprises the three Independent Non-Executive Directors, Mr. Gerard Joseph McMahon (chairman of the Audit Committee), Ms. Tam Wai Chu, Maria and Mr. Li Kar Keung, Caspar. The principal duties of the Audit Committee include, inter alia, the review of the completeness, accuracy and fairness of the Company’s financial reports and the Group’s internal controls and risk management systems.

The Audit Committee holds regular meetings and it met three times during the six months ended 30 June 2011.

### **Compensation Committee**

The Company established a compensation committee (“Compensation Committee”) in 1999 and its terms of reference are in line with the CG Code. The Compensation Committee comprises the three Independent Non-Executive Directors, Mr. Gerard Joseph McMahon, Ms. Tam Wai Chu, Maria and Mr. Li Kar Keung, Caspar (chairman of the Compensation Committee). The principal duties of the Compensation Committee include, inter alia, making recommendations to the Board relating to the Company’s policy for directors’ and senior management’s remuneration, determining the executive directors’ and senior management’s remuneration packages, reviewing and approving their performance-based remuneration and compensation payable for their loss or termination of offices.

During the six months ended 30 June 2011, a meeting was held by the Compensation Committee to explore relevant issues.

### **Nomination Committee**

The Company established a nomination committee (“Nomination Committee”) in 2005 and its terms of reference are in line with the CG Code. The Nomination Committee comprises the chairman of the Board, Mr. Liang Jiang (chairman of the Nomination Committee), and the three Independent Non-Executive Directors, Mr. Gerard Joseph McMahon, Ms. Tam Wai Chu, Maria and Mr. Li Kar Keung, Caspar. The principal duties of the Nomination Committee include, inter alia, identifying suitable and qualified individuals to become board members and making recommendations to the Board on appointment and reappointment of directors.

During the six months ended 30 June 2011, a meeting was held by the Nomination Committee to explore relevant issues.

### Review of Interim Results

The Audit Committee has reviewed the unaudited interim financial report and the interim report of the Group for the six months ended 30 June 2011. In addition, the Company's external auditors, KPMG, have also reviewed the aforesaid unaudited interim financial report.

### Purchase, Sale and Redemption of Listed Securities

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

### Disclosure Pursuant to Rule 13.21 of the Listing Rules

On 14 June 2010, a wholly-owned subsidiary of the Company, entered into a facility agreement ("2010 Facility Agreement") for a term loan facility in the principal amount of up to HK\$160,000,000 with a bank (the "Lender"). It is provided in the 2010 Facility Agreement that if GDH ceases to maintain (i) a direct or indirect holding of 50% or more of the voting share capital of the Company, or (ii) an effective management control over the Company, then the Lender is entitled to request immediate repayment of the outstanding loans and all accrued interest.

Save as disclosed above, the Company does not have other disclosure obligations under Rule 13.21 of the Listing Rules.

### Interim Dividend

The Board has resolved to declare the payment of an interim dividend of HK 2.5 cents per share (six months ended 30 June 2010: HK 3.0 cents per share) for the six months ended 30 June 2011. The interim dividend will be paid on Thursday, 27 October 2011 to the shareholders whose names appear on the register of members on Friday, 7 October 2011.

### Closure of Register of Members

The register of members of the Company will be closed on Thursday, 6 October 2011 and Friday, 7 October 2011. During these two days, no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 4 October 2011.

By order of the Board

**Liang Jiang**

*Chairman*

Hong Kong, 29 August 2011

