廣南(集團)有限公司

GUANGNAN (HOLDINGS) LIMITED

股份代號 Stock Code: 1203

2013
中期報告
INTERIM REPORT

Contents

Corporate Information

(as at 22 August 2013)

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Directors

LIANG Jiang
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

TAN Yunbiao *(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 Shanhaiguankaifaqu Sub-branch
Industrial and Commercial Bank of China Limited, Qinhuangdao Branch Dongqu Sub-branch
Bank of China Limited, Qinhuangdao Branch Shanhaiguan Sub-branch
China Construction Bank Corporation Qinhuangdao Economic & Technological Development Zone Dongqu Sub-branch

REGISTERED OFFICE

22/F., Tesbury Centre
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SHARE REGISTRAR

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

SHARE INFORMATION

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

SHAREHOLDERS' CALENDAR

Closure of Register of Members	3 October 2013 and 4 October 2013
Interim Dividend	HK2.0 cents per share
Payment Date	28 October 2013

Financial Highlights

(Expressed in Hong Kong dollars)

UNAUDITED FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2013 $'000	2012 $'000	Change
Turnover	**1,837,225**	1,672,746	9.8%
Profit from operations	**89,643**	72,239	24.1%
Profit attributable to shareholders	**76,755**	59,388	29.2%
Basic earnings per share	**8.5 cents**	6.5 cents	30.8%
Interim dividend per share	**2.0 cents**	1.5 cents	33.3%

	At 30 June 2013 $'000	At 31 December 2012 $'000	Change
Total assets	**3,219,512**	3,024,815	6.4%
Shareholders' equity	**2,210,588**	2,119,268	4.3%
Net asset value per share[1]	**$2.4**	$2.3	4.3%
Closing market price per share	**$0.88**	$1.00	
Net cash[2]	**(352,395)**	(182,165)	
Gearing ratio[3]	**-15.9%**	-8.6%	

Notes:

1. $\dfrac{\textit{Shareholders' equity}}{\textit{Number of ordinary shares in issue}}$

2. *Borrowings – cash and cash equivalents*

3. $\dfrac{\textit{Net cash}}{\textit{Shareholders' equity}}$

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

RESULTS

For the first half of 2013, the unaudited consolidated profit attributable to shareholders was HK$76,755,000, representing an increase of 29.2% from HK$59,388,000 for the corresponding period last year. Basic earnings per share was HK8.5 cents, an increase of 30.8% from HK6.5 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 2013 of HK2.0 cents per share (six months ended 30 June 2012: HK1.5 cents per share).

BUSINESS REVIEW

In the first half of 2013, some major business segments of the Group recorded an increase in profit whilst some recorded a fall in profit. The Group's consolidated turnover was HK$1,837,225,000, representing an increase of HK$164,479,000 or 9.8% from HK$1,672,746,000 for the corresponding period last year. Profit from operations was HK$89,643,000, representing an increase of HK$17,404,000 or 24.1% from HK$72,239,000 for the corresponding period last year.

In respect of our tinplating business, the price of iron and steel products was relatively volatile in the first half of 2013. The excess supply over demand in the iron and steel industry and intense competition placed pressure on the selling price of tinplate products. Through modifying and integrating the sales and marketing capacities of the tinplating plants in northern and southern China, sales volume of tinplate products was increased as compared to that in the corresponding period last year, which created a basis for the Group to leverage from the effect of economies of scale. This in turn mitigated the pressure on the Group regarding the surge in the cost of raw materials and hence increased gross profit. Besides, as a result of the faster appreciation of Renminbi against the Hong Kong Dollar and the United States Dollar, exchange gains for the period increased significantly, which contributed to the significant increase in operating profit of the Group's tinplating business as compared to that in corresponding period last year.

As to the fresh and live foodstuffs business, the price of live pigs went down and hence the turnover of the fresh and live foodstuffs business recorded a decrease. Given the devoted efforts of our operation team and premium quality sources of goods from major suppliers, the Group actively maintained the market supply and the overall market share in the live pigs supply into Hong Kong remained at about 45%. This provided a relatively steady contribution to the earnings of the Group.

In respect of the property leasing business, in common with the increase in the valuation of office units in Hong Kong in the first half of 2013, net valuation gains on investment properties of HK$13,448,000 (2012: HK$16,123,000) were recorded by the Group.

For the associates, as a result of the slight decrease in the raw materials purchase cost of Yellow Dragon Food Industry Co., Ltd., an associate of the Group, its result for the period turned from a loss to a profit. On the other hand, the decrease in the price of live pigs led to operating losses being incurred by the two associates engaged in the pig farming business.

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., 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 2013, the Group produced 200,282 tonnes of tinplate products, which represented an increase of 15.1% as compared to that in the corresponding period last year. Zhongyue Tinplate and Zhongyue Posco produced 112,023 tonnes and 88,259 tonnes respectively. In addition, the blackplate manufacturing plant of Zhongyue Tinplate produced 74,294 tonnes of blackplates, an increase of 7.6% as compared to that in the corresponding period last year, providing a steady supply of raw materials (i.e. blackplates) for its production of tinplate products. The Group's tinplating plants in northern and southern China sold 198,778 tonnes of tinplate products, an increase of 14.6% as compared to that in the corresponding period last year, of which, Zhongyue Tinplate and Zhongyue Posco sold 106,582 tonnes and 92,196 tonnes respectively, an increase of 3.1% and 31.6% respectively as compared to that in the corresponding period last year. Turnover was HK$1,664,145,000, an increase of 11.5% as compared to the corresponding period last year and profit from operations was HK$44,756,000, an increase of HK$17,882,000 or 66.5% as compared to that in the corresponding period last year. The tinplating business accounted for 90.6% and 49.9% of the Group's turnover and profit from operations respectively.

In the first half of 2013, the price of iron and steel products was relatively volatile. The excess supply over demand in the iron and steel industry and intense competition placed pressure on the selling price of tinplate products. From the fourth quarter of 2012 to the first quarter of 2013, the rate of increase in the price of hot-rolled plates, which is one of the major raw materials for the production of blackplates, was greater than the rate of increase in the price of tinplating products. In the second quarter of 2013, the price of hot-rolled plates went down. Through modifying and integrating the sales and marketing capacities of the tinplating plants in northern and southern China, the Group increased its sales to customers in northern China. Sales volume of Zhongyue Posco increased by 31.6% as compared to that in the corresponding period last year, which created a basis for the Group to leverage from the effect of economies of scale. This in turn mitigated the pressure on the Group regarding the surge in the cost of raw materials and hence increased gross profit. Besides, as a result of the faster appreciation of Renminbi against the Hong Kong Dollar and the United States Dollar, exchange gains for the period increased significantly, which contributed to the significant increase in operating profit of the Group's tinplating business as compared to that in corresponding period last year. On the other hand, through the pursuit of more flexible payment methods with its suppliers, the Group successfully increased liquidity of its working capital and bank deposits. Interest income was enhanced accordingly. Sales were also stabilised by capitalising on the favourable position in capital management and adopting effective control in trade receivables management. The Group continued the implementation of full budgetary control, strengthened the internal control and deployed Six Sigma methodology for implementing a substantial number of projects for technological improvements in order to promote energy saving, waste reduction and efficiency optimisation. Furthermore, the Group has committed more resources to scientific and technological R&D initiatives, incubating new strengths for the future development of our tinplating business.

Tinplating (Continued)

As the tinplating factory in Zhongshan is operating at full capacity, in order to accelerate the transformation and upgrade of our business, the Group re-occupied certain plant in our factory area in Zhongshan, which was previously let out, and proposes to construct a new tinplating production line with an annual production capacity of 150,000 tonnes, together with expansion of the relevant coating and printing production lines, with an estimated investment cost of approximately RMB235 million (equivalent to approximately HK$295 million). These new production lines will enable Zhongyue Tinplate to improve the standard of production equipment and product quality and refine the product mix. It will also facilitate the development of new products and strengthen our core competitiveness. The Group is now preparing to apply to the relevant authorities of the local government for the construction of the project. If all the relevant approvals are obtained, the construction will start in the second half of 2013 and it is expected to commence operation in 2014. By that time, the annual production capacity of tinplate products and blackplates of the Group's factories in northern and southern China will become 620,000 tonnes and 150,000 tonnes respectively.

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, an 18.66% (became 17.72% since July 2013) interest in an associate, Hubei Jinxu Agriculture Development Co., Ltd. ("Hubei Jinxu") and a 34% interest in an associate, Guangdong Zijin Baojin Livestock Co., Ltd. ("Guangdong Baojin").

In the first half of 2013, the turnover of the fresh and live foodstuffs business amounted to HK$159,737,000, representing a decrease of 3.8% as compared to that in the corresponding period last year. Together with the share of losses less profits of two associates, namely Hubei Jinxu and Guangdong Baojin, of HK$2,809,000, the total profit from operations was HK$42,542,000, representing a decrease of HK$9,229,000 or 17.8% as compared to that in the corresponding period last year. The price of live pigs went down and hence the turnover of the fresh and live foodstuffs business recorded a decrease. The decrease in the price of live pigs also led to operating losses being incurred by the two associates engaged in the pig farming business. Through continuous optimisation of the business workflow, the Group proactively strengthened its communication with governmental authorities, suppliers, industry participants and customers. Service standards were enhanced. The Group also actively maintained the market supply. The overall market share in the live pigs supply into Hong Kong was about 45%. This provided a relatively steady contribution to the earnings of the Group.

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.

In the first half of 2013, turnover from the property leasing business of the Group was HK$13,343,000, a decrease of 5.2% as compared to that in the corresponding period last year. Profit from operations of leasing properties amounted to HK$8,118,000, a decrease of 8.6% as compared to that in the corresponding period last year. In addition, along with the increase in the valuation of office units in Hong Kong in the first half of 2013, net valuation gains on investment properties of HK$13,448,000 (2012: HK$16,123,000) were recorded by the Group.

Yellow Dragon

The Group holds a 40% interest in Yellow Dragon Food Industry Co., Ltd. ("Yellow Dragon").

In the first half of 2013, Yellow Dragon recorded a sales volume of 210,531 tonnes in its major product, corn starch, representing an increase of 16.5% as compared to that the corresponding period last year. Turnover was HK$1,025,451,000, a decrease of 2.1% as compared to that in the corresponding period last year. As the purchase price of the major raw material, corn, decreased slightly, its result for the period turned from a loss to a profit. A profit attributable to the shareholders of HK$3,361,000 was recorded, as compared to a loss of HK$26,442,000 in the corresponding period last year.

FINANCIAL POSITION

As at 30 June 2013, the Group's total assets and total liabilities amounted to HK$3,219,512,000 and HK$819,581,000, representing an increase of HK$194,697,000 and HK$92,073,000 respectively when compared with the positions at the end of 2012. Net current assets decreased from HK$1,014,167,000 at the end of 2012 to HK$960,206,000. The current ratio (current assets divided by current liabilities) also decreased from 2.9 as at the end of 2012 to 2.2.

Liquidity and Financial Resources

As at 30 June 2013, the Group's cash and cash equivalents balance was HK$691,273,000, of which HK$488,120,000 was denominated in Renminbi and HK$117,054,000 was denominated in United States Dollars while the remaining balance was denominated in Hong Kong Dollars. Cash and cash equivalents balance increased by 46.7% from the end of 2012.

As at 30 June 2013, the Group's borrowings comprised (1) unsecured bank borrowings of HK$259,318,000 (31 December 2012: HK$209,492,000); and (2) loans from a related company of HK$79,560,000 (31 December 2012: HK$79,560,000). 47.2% (31 December 2012: 55.4%) of the Group's borrowings was guaranteed by the Company. As at 30 June 2013, all of the Group's borrowings were repayable within 1 year while as at 31 December 2012, 44.6% 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 1.5% to 2.1% (31 December 2012: 0.9% to 2.3%) per annum. 70.7% (31 December 2012: 82.9%) of the Group's borrowings bears interest at floating rates. The management closely monitors the changes in market interest rates.

As at 30 June 2013, 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 -15.9% (31 December 2012: -8.6%).

As at 30 June 2013, the Group's available banking facilities amounted to HK$316,000,000, of which HK$184,103,000 was utilised and HK$131,897,000 was unutilised. Besides, 50.6% 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, are sufficient to meet the Group's debt obligations and business operations.

Capital Expenditure and Capital Commitments

The Group's capital expenditure in the first half of 2013 amounted to HK$9,570,000 (2012: HK$14,839,000). Capital commitments outstanding at 30 June 2013 not provided for in the financial statements amounted to HK$289,937,000 (31 December 2012: HK$252,143,000). Approximately RMB235 million (equivalent to approximately HK$295 million) was approved for the construction of a new tinplating production line of Zhongyue Tinplate, together with expansion of the relevant coating and printing production lines. It is expected that the capital expenditure for the year 2013 will be approximately HK$80 million.

Acquisitions and Disposals of Investments

During the first half of 2013, the Group had no material acquisitions and disposals of investments.

Charge on Assets

As at 30 June 2013, none of the assets of the Group was pledged.

Contingent Liabilities

In April 2013, a PRC third party filed a claim against a subsidiary of the Group in the Court of Zhongshan City to recover an outstanding trade debt of approximately RMB2,060,000 (equivalent to HK$2,586,000) and a penalty of approximately RMB4,962,000 (equivalent to $6,229,000) for non-payment. Currently, the court proceedings are still in progress.

In prior years, this PRC third party had also filed claims in respect of the same matter but the claims were denied. Based on the information currently available, the Group considers that no provision is required to be made in respect of this claim because the likelihood of an adverse outcome is remote.

Except for the abovementioned matter, the Group had no material contingent liabilities as at 30 June 2013.

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 from 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 2013, there were no forward foreign exchange or interest rate swap contracts entered into by the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2013, the Group had a total of 1,243 full-time employees, a decrease of 39 from the end of 2012. 183 of the employees were based in Hong Kong and 1,060 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 2013, 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, a performance bonus was accrued according to various profit rankings and with reference to 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 share option schemes to encourage excellent participants to continue their contribution to the Group.

PROSPECTS

Currently, the recovery of the European and US economies is slow, while the economic growth rate in the Mainland China reduced slightly. With the iron and steel price still staying at a low level in recent months, there is pressure on the sales of tinplate products and there will be certain challenges in the operating environment in the second half of 2013. In respect of the tinplating business, the Group will strive to increase production and sales volume and achieve economies of scale. Meanwhile, we will also actively transform and upgrade our business and start a new round of development. The Group is proposing to construct a new tinplating production line in Zhongshan, with annual production capacity of 150,000 tonnes, together with expansion of the relevant coating and printing production lines, in order to improve the standard of production equipment and product quality and to strengthen our core competitiveness. The Group is now preparing to apply to the relevant authorities of the local government for the construction of the project. As to the fresh and live foodstuffs business, in order to further improve our quality services, we will consolidate and develop our business chain operation, continue to explore new stable sources of supply for live pigs 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 and strategic cooperation so as to promote the business of the Group to a new level.

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 12 to 39 which comprises the consolidated balance sheet of Guangnan (Holdings) Limited as of 30 June 2013 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of 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 2013 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

22 August 2013

Consolidated Income Statement

for the six months ended 30 June 2013 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2013	2012
	Note	**$'000**	$'000
Turnover	*3*	**1,837,225**	1,672,746
Cost of sales		**(1,671,888)**	(1,518,907)
Gross profit		**165,337**	153,839
Other revenue	*4*	**7,499**	7,537
Other net income	*4*	**11,706**	1,793
Distribution costs		**(38,126)**	(33,752)
Administrative expenses		**(56,504)**	(56,408)
Other operating expenses		**(269)**	(770)
Profit from operations		**89,643**	72,239
Net valuation gains on investment properties	*8(b)*	**13,448**	16,123
Finance costs	*5(a)*	**(2,886)**	(3,670)
Share of profits less losses of associates		**(1,465)**	(5,503)
Profit before taxation	*5*	**98,740**	79,189
Income tax	*6*	**(13,427)**	(16,131)
Profit for the period		**85,313**	63,058
Attributable to:			
Equity shareholders of the Company		**76,755**	59,388
Non-controlling interests		**8,558**	3,670
Profit for the period		**85,313**	63,058
Earnings per share			
Basic	*7(a)*	**8.5 cents**	6.5 cents
Diluted	*7(b)*	**8.5 cents**	6.5 cents

The notes on pages 20 to 39 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 14(a).

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2013 – unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2013	2012
	$'000	$'000
Profit for the period	**85,313**	63,058
Other comprehensive income for the period (after taxation):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries and associates outside Hong Kong	**30,521**	(7,608)
Total comprehensive income for the period	**115,834**	55,450
Attributable to:		
Equity shareholders of the Company	**104,530**	52,596
Non-controlling interests	**11,304**	2,854
Total comprehensive income for the period	**115,834**	55,450

The notes on pages 20 to 39 form part of this interim financial report.

Consolidated Balance Sheet

at 30 June 2013
(Expressed in Hong Kong dollars)

	Note	At 30 June 2013 Unaudited $'000	At 31 December 2012 Audited $'000
Non-current assets			
Fixed assets			
– Investment properties		**346,838**	350,974
– Other property, plant and equipment		**723,646**	735,316
– Interests in leasehold land held for own use under operating leases		**118,455**	108,885
	8	**1,188,939**	1,195,175
Interest in associates		**291,087**	287,183
Deferred tax assets		**5,030**	3,946
		1,485,056	1,486,304
Current assets			
Inventories	*9*	**413,126**	437,822
Trade and other receivables, deposits and prepayments	*10*	**630,057**	628,481
Current tax recoverable		**–**	991
Cash and cash equivalents	*11*	**691,273**	471,217
		1,734,456	1,538,511
Current liabilities			
Trade and other payables	*12*	**399,053**	369,580
Bank loans	*13(a)*	**259,318**	49,492
Loans from a related company	*13(b)*	**79,560**	79,560
Current tax payable		**36,319**	25,712
		774,250	524,344
Net current assets		**960,206**	1,014,167
Total assets less current liabilities		**2,445,262**	2,500,471

	Note	At 30 June 2013 Unaudited $'000	At 31 December 2012 Audited $'000
Non-current liabilities			
Bank loans	*13(a)*	**–**	160,000
Deferred tax liabilities		**45,331**	43,164
		45,331	203,164
NET ASSETS		**2,399,931**	2,297,307
CAPITAL AND RESERVES			
Share capital		**453,647**	453,647
Reserves		**1,756,941**	1,665,621
Total equity attributable to equity shareholders of the Company		**2,210,588**	2,119,268
Non-controlling interests		**189,343**	178,039
TOTAL EQUITY		**2,399,931**	2,297,307

The notes on pages 20 to 39 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2013 – 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
Balance at 1 January 2013		453,647	5,419	4,227	307,578	107,440	50,306	1,190,651	2,119,268	178,039	2,297,307
Changes in equity for the six months ended 30 June 2013:											
Profit for the period		–	–	–	–	–	–	76,755	76,755	8,558	85,313
Other comprehensive income											
– Exchange differences on translation of financial statements of subsidiaries and associates outside Hong Kong		–	–	–	27,775	–	–	–	27,775	2,746	30,521
Total comprehensive income		–	–	–	27,775	–	–	76,755	104,530	11,304	115,834
Share-based payment expenses for the period		–	–	399	–	–	–	–	399	–	399
Share options lapsed during the period		–	–	(58)	–	–	–	58	–	–	–
Dividends approved in respect of the previous year	*14(a)*	–	–	–	–	–	–	(13,609)	(13,609)	–	(13,609)
Balance at 30 June 2013		453,647	5,419	4,568	335,353	107,440	50,306	1,253,855	2,210,588	189,343	2,399,931

	Note	Attributable to equity shareholders of the Company								Non-controlling interests $'000	Total equity $'000
		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		
Balance at 1 January 2012		453,647	5,419	5,102	307,781	107,440	44,836	1,117,491	2,041,716	170,988	2,212,704
Changes in equity for the six months ended 30 June 2012:											
Profit for the period		–	–	–	–	–	–	59,388	59,388	3,670	63,058
Other comprehensive income											
– Exchange differences on translation of financial statements of subsidiaries and associates outside Hong Kong		–	–	–	(6,792)	–	–	–	(6,792)	(816)	(7,608)
Total comprehensive income		–	–	–	(6,792)	–	–	59,388	52,596	2,854	55,450
Transfer to statutory reserves		–	–	–	–	–	5,477	(5,477)	–	–	–
Share-based payment expenses for the period		–	–	895	–	–	–	–	895	–	895
Dividends approved in respect of the previous year	*14(a)*	–	–	–	–	–	–	(22,682)	(22,682)	–	(22,682)
Balance at 30 June 2012		453,647	5,419	5,997	300,989	107,440	50,313	1,148,720	2,072,525	173,842	2,246,367

		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
Balance at 1 July 2012		453,647	5,419	5,997	300,989	107,440	50,313	1,148,720	2,072,525	173,842	2,246,367
Changes in equity for the six months ended 31 December 2012:											
Profit for the period		–	–	–	–	–	–	55,533	55,533	4,866	60,399
Other comprehensive income – Exchange differences on translation of financial statements of subsidiaries and associates outside Hong Kong		–	–	–	6,589	–	–	–	6,589	801	7,390
Total comprehensive income		–	–	–	6,589	–	–	55,533	62,122	5,667	67,789
Transfer to statutory reserves		–	–	–	–	–	(7)	7	–	–	–
Share-based payment expenses for the period		–	–	(1,770)	–	–	–	–	(1,770)	–	(1,770)
Dividend declared to minority shareholders		–	–	–	–	–	–	–	–	(1,470)	(1,470)
Dividends declared in respect of current year	*14(a)*	–	–	–	–	–	–	(13,609)	(13,609)	–	(13,609)
Balance at 31 December 2012		453,647	5,419	4,227	307,578	107,440	50,306	1,190,651	2,119,268	178,039	2,297,307

The notes on pages 20 to 39 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2013 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2013	2012
	Note	**$'000**	$'000
Net cash generated from operating activities		**313,518**	392,335
Net cash used in investing activities		**(8,600)**	(14,669)
Net cash used in financing activities		**(90,637)**	(57,825)
Increase in cash and cash equivalents		**214,281**	319,841
Cash and cash equivalents at 1 January	*11*	**471,217**	209,813
Effect of foreign exchange rates changes		**5,775**	461
Cash and cash equivalents at 30 June	*11*	**691,273**	530,115

The notes on pages 20 to 39 form part of this interim financial report.

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 22 August 2013.

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

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 2012 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with 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 11.

The financial information relating to the financial year ended 31 December 2012 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2012 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 22 March 2013.

2. Changes in accounting policies

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

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

– HKFRS 10, *Consolidated financial statements*

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

– HKFRS 13, *Fair value measurement*

– *Annual Improvements to HKFRSs 2009–2011 Cycle*

– Amendments to HKFRS 7, *Financial instruments: Disclosures – Disclosures – Offsetting financial assets and financial liabilities*

These developments have had no material impact on the Group's financial statements.

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

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.

3. Turnover and segment reporting (Continued)

(a) Segment results, assets and liabilities

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

	Tinplating		Fresh and live foodstuffs		Property leasing		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
For the six months ended 30 June								
Reportable segment revenue	**1,664,145**	1,492,569	**159,737**	166,100	**13,343**	14,077	**1,837,225**	1,672,746
Reportable segment profit	**44,756**	26,874	**42,542**	51,771	**8,118**	8,885	**95,416**	87,530
As at 30 June/ 31 December								
Reportable segment assets (including interest in associates)	**2,424,259**	2,208,521	**224,598**	234,621	**347,427**	359,161	**2,996,284**	2,802,303
Reportable segment liabilities	**732,074**	654,922	**37,226**	24,346	**40,637**	39,052	**809,937**	718,320

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

	Six months ended 30 June	
	2013	2012
	$'000	$'000
Profit		
Reportable segment profit derived from the Group's external customers and associates	**95,416**	87,530
Unallocated head office and corporate income and expenses	**(8,582)**	(10,217)
Net valuation gains on investment properties	**13,448**	16,123
Finance costs	**(2,886)**	(3,670)
Share of profit/(loss) of an associate not attributable to any segment	**1,344**	(10,577)
Consolidated profit before taxation	**98,740**	79,189

3. Turnover and segment reporting (Continued)

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

	At 30 June 2013 $'000	At 31 December 2012 $'000
Assets		
Reportable segment assets	**2,996,284**	2,802,303
Interest in an associate not attributable to any segment	**217,024**	211,862
Unallocated head office and corporate assets	**6,204**	10,650
Consolidated total assets	**3,219,512**	3,024,815
Liabilities		
Reportable segment liabilities	**809,937**	718,320
Unallocated head office and corporate liabilities	**9,644**	9,188
Consolidated total liabilities	**819,581**	727,508

4. Other revenue and net income

	Six months ended 30 June	
	2013	2012
	$'000	$'000
Other revenue		
Interest income	**6,508**	5,773
Subsidies received	**124**	184
Others	**867**	1,580
	7,499	7,537
Other net income		
Net realised and unrealised exchange gain	**12,392**	689
Net loss on forward foreign exchange contracts	**–**	(672)
Recovery of bad debts written off	**–**	1,172
Gain on deemed disposal of interest in an associate *(note)*	**–**	503
Net loss on disposal of fixed assets	**(686)**	–
Others	**–**	101
	11,706	1,793

Note: On 31 May 2012, Hubei Jinxu Agriculture Development Co., Ltd. ("Hubei Jinxu"), an associate of the Group, issued a total of 5,450,000 new shares to certain management personnel of Hubei Jinxu at a price of RMB2.37 per share. After the issuance of the new shares, the Group's equity interest in Hubei Jinxu was diluted from 19.53% to 18.66%, which resulted in a gain on deemed disposal of $503,000.

5. Profit before taxation

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

	Six months ended 30 June	
	2013	2012
	$'000	$'000
(a) Finance costs		
Interest on bank advances and other borrowings wholly repayable within 5 years	**2,072**	2,770
Interest on loans from a related company	**814**	900
	2,886	3,670
(b) Staff costs		
Net contributions to defined contribution retirement plans	**4,926**	4,165
Equity-settled share-based payment expenses	**399**	895
Salaries, wages and other benefits	**78,204**	66,881
	83,529	71,941
(c) Other items		
Amortisation of land lease premium	**1,773**	1,780
Depreciation	**45,157**	44,477
Operating lease charges in respect of property rentals	**3,776**	3,436
Rentals receivable from investment properties less direct outgoings of $1,301,000 (30 June 2012: $1,172,000)	**(12,042)**	(12,905)

6. Income tax in the consolidated income statement

Taxation in the consolidated income statement represents:

	Note	Six months ended 30 June	
		2013	2012
		$'000	$'000
Current tax – Hong Kong			
Provision for the period		**6,033**	6,273
Current tax – the People's Republic of China ("PRC")			
Provision for the period		**7,649**	5,742
Over-provision in respect of prior years		**(652)**	–
		6,997	5,742
Deferred tax			
Origination and reversal of temporary differences		**397**	4,116
	(i)	**13,427**	16,131

Notes:

(i) *The provision for Hong Kong Profits Tax for 2013 is calculated by applying the estimated annual effective tax rate of 16.5% (2012: 16.5%) to the estimated taxable profits for the six months ended 30 June 2013. 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.*

(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 a PRC subsidiary 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.*

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

Taxation in the consolidated income statement represents: (Continued)

Notes: (Continued)

(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 2013 is calculated by applying the tax rate of 25% to the taxable profit for the six months ended 30 June 2013. The provision for 2012 was calculated by applying the tax rate of 12.5%, being 50% of the transitional tax rate of 25%, to the taxable profit for the six months ended 30 June 2012.

(iv) 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.

7. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2013 is based on the profit attributable to ordinary equity shareholders of the Company of $76,755,000 (30 June 2012: $59,388,000) and the weighted average number of 907,293,000 (30 June 2012: 907,293,000) ordinary shares in issue during the period.

7. Earnings per share (Continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2013 is based on the profit attributable to ordinary equity shareholders of the Company of $76,755,000 (30 June 2012: $59,388,000) and the weighted average number of ordinary shares (diluted) of 907,578,000 (30 June 2012: 907,896,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

	Six months ended 30 June	
	2013	2012
	'000	'000
Weighted average number of ordinary shares used in the basic earnings per share calculation	**907,293**	907,293
Effect of deemed issue of ordinary shares under the Company's share option schemes for nil consideration *(note 14(b))*	**285**	603
Weighted average number of ordinary shares (diluted)	**907,578**	907,896

8. Fixed assets

(a) Acquisitions

During the six months ended 30 June 2013, the Group acquired items of property, plant and equipment with a cost of $9,570,000 (30 June 2012: $14,839,000).

8. Fixed assets (Continued)

(b) Investment properties

Investment properties situated in Hong Kong with an aggregate value of $152,450,000 (31 December 2012: $139,031,000) were revalued at 30 June 2013 by an independent firm of surveyors, Vigers Appraisal and Consulting Limited ("Vigers"), who have among their staff members of Hong Kong Institute of Surveyors, on a market value basis. Investment properties situated in the PRC totalling $194,388,000 (31 December 2012: $211,943,000) were revalued at 30 June 2013 by either Vigers or 河北衡信資產評估有限公司, independent firms of valuers registered in the PRC, on a market value basis. Based on the valuations, a net gain of $13,448,000 (30 June 2012: $16,123,000), and deferred tax expense thereon of $7,000 (30 June 2012: $3,431,000), have been recognised in the consolidated income statement. During the six months ended 30 June 2013, a certain portion of investment properties situated in the PRC with carrying amount of $21,365,000 (30 June 2012: $Nil) was transferred from investment properties to other properties, plant and equipment due to change in use.

(c) Leases

The Group leases out investment properties under operating leases. The leases run for an initial period of 6 months 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 $346,838,000 (31 December 2012: $350,974,000).

9. Inventories

	At 30 June 2013 $'000	At 31 December 2012 $'000
Raw materials, spare parts and consumables	**197,059**	188,280
Work in progress	**19,515**	14,140
Finished goods	**196,552**	235,402
	413,126	437,822

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 $12,081,000 during the period (30 June 2012: $Nil).

10. Trade and other receivables, deposits and prepayments

	At 30 June 2013 $'000	At 31 December 2012 $'000
Trade debtors	**225,241**	172,163
Bills receivable	**329,578**	400,328
Other receivables, deposits and prepayments	**39,808**	31,229
Amounts due from a related company *(note)*	**35,430**	24,761
	630,057	628,481

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

At the balance sheet date, the ageing analysis of trade debtors, bills receivable and trade balances due from a related company (which are included in trade and other receivables, deposits and prepayments), based on the invoice date and net of allowance for bad and doubtful debts, is as follows:

	At 30 June 2013 $'000	At 31 December 2012 $'000
Within 1 month	**562,730**	572,694
1 to 3 months	**25,844**	22,714
Over 3 months	**1,675**	1,844
	590,249	597,252

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 2013 and 2012.

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 1 month 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.

11. Cash and cash equivalents

	At 30 June 2013 $'000	At 31 December 2012 $'000
Deposits with banks	–	1,456
Cash at bank and in hand	691,273	469,761
Cash and cash equivalents in the consolidated balance sheet and condensed consolidated cash flow statement	691,273	471,217

12. Trade and other payables

At the balance sheet date, the ageing analysis of trade creditors and trade balances due to a related company and associates (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2013 $'000	At 31 December 2012 $'000
Due within 1 month or on demand	247,955	217,448

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

	At 30 June 2013 $'000	At 31 December 2012 $'000
Amounts due to associates *(note (i))*	2,582	177
Amount due to a fellow subsidiary *(note (ii))*	23,250	23,250
Amounts due to a related company *(note (iii))*	186,730	157,850

12. Trade and other payables (Continued)

Notes:

(i) *The amounts represent trade balances due to associates.*

(ii) *The amount due to a fellow subsidiary is unsecured, interest-free and has no fixed terms of repayment.*

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

(iv) *None of the trade and other payables is expected to be settled or recognised as income after more than one year.*

13. Borrowings

(a) Bank loans

	At 30 June 2013 $'000	At 31 December 2012 $'000
Bank loans		
– unsecured *(note)*	**259,318**	209,492

The bank loans were repayable as follows:

	At 30 June 2013 $'000	At 31 December 2012 $'000
Within 1 year or on demand	**259,318**	49,492
After 1 year but within 2 years	**–**	160,000
	259,318	209,492

Note: *Included in unsecured bank loans is a loan of $160,000,000 (31 December 2012: $160,000,000) which is guaranteed by the Company and subject to fulfilment of certain loan covenants relating to certain of the Group's balance sheet ratios as 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 2013, none of the covenants relating to the bank loan had been breached.*

13. Borrowings (Continued)

(b) Loans from a related company

	At 30 June 2013 $'000	At 31 December 2012 $'000
Loans from a related company	79,560	79,560

At 30 June 2013 and 31 December 2012, 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 + 1.5% per annum and repayable on either 18 September 2013 or 28 September 2013.

14. 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 2013 $'000	2012 $'000
Interim dividend declared after the interim period of 2.0 cents per ordinary share (30 June 2012: 1.5 cents per ordinary share)	18,146	13,609

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

14. Capital, reserves and dividends (Continued)

(a) Dividends (Continued)

(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	
	2013	2012
	$'000	$'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period of 1.5 cents per ordinary share (30 June 2012: 2.5 cents per ordinary share)	**13,609**	22,682

(b) Equity-settled share-based transactions

During the six months ended 30 June 2013 and 2012, no share options were exercised.

In addition, during the six months ended 30 June 2013, 200,000 share options lapsed and there was no expiry of share options. During the six months ended 30 June 2012, there was no lapse or expiry of share options.

14,132,000 share options (31 December 2012: 14,332,000 share options) were outstanding at 30 June 2013 and the weighted average exercise price is $1.4 (31 December 2012: $1.5).

15. 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 $25,000 ($20,000 prior to June 2012) (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 2013 was $4,926,000 (30 June 2012: $4,165,000). No forfeited contributions were refunded during both periods.

16. Commitments

(a) Capital commitments outstanding at 30 June 2013 not provided for in the interim financial report were as follows:

	At 30 June 2013 $'000	At 31 December 2012 $'000
Contracted for	**14,419**	3,880
Authorised but not contracted for	**275,518**	248,263
	289,937	252,143

The board of directors of the Company approved the construction of a new tinplating production line with an annual production capacity of 150,000 tonnes, together with expansion of supplementary coating and printing production lines, within the factory premises of Zhongshan Zhongyue Tinplate Industrial Co., Ltd. in Zhongshan. It is estimated that the investment costs of these production lines will amount to approximately RMB235 million (equivalent to approximately $295 million).

16. Commitments (Continued)

(b) At 30 June 2013, the total future minimum lease payments under non-cancellable operating leases of properties are payable as follows:

	At 30 June 2013 $'000	At 31 December 2012 $'000
Within 1 year	**2,956**	2,907
After 1 year but within 5 years	**5,073**	90
	8,029	2,997

The Group leases a number of properties under operating leases. The leases run for an initial period of 1 to 4 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 2013, the Company had committed to provide additional capital of $6,489,000 (31 December 2012: $6,489,000) to an associate of the Group.

17. 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:

		Six months ended 30 June	
		2013	2012
	Note	**$'000**	$'000
Sales of goods to related companies	*(i)*	**504,994**	420,691
Commission paid/payable to a related company	*(i), (ii)*	**7,358**	6,276
Commission received/receivable from associates	*(iii)*	**5,742**	6,981
Purchases of goods from related companies	*(i)*	**635,719**	560,702

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 associates in respect of distribution of fresh and live foodstuffs.

(iv) Balances with related parties are included in amounts due from/to the respective parties in the consolidated balance sheet. Except for the trade balances with related companies as disclosed in notes 10 and 12 which are settled in accordance with normal trade terms and the loans from a related company as disclosed in note 13(b), these balances are unsecured, interest-free and have no fixed terms of repayment.

17. 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 process 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.

17. 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	
	2013	2012
	$'000	$'000
Short-term employee benefits	**1,585**	3,626
Post-employment benefits	**354**	450
Equity compensation benefits	**291**	531
	2,230	4,607

18. Contingent liabilities

In April 2013, a PRC third party filed a claim against a subsidiary of the Group in the Court of Zhongshan City to recover an outstanding trade debt of approximately RMB2,060,000 (equivalent to $2,586,000) and a penalty of approximately RMB4,962,000 (equivalent to $6,229,000) for non-payment. At the date of issue of this interim financial report, the court proceedings are still in progress.

In prior years, this PRC third party had also filed claims in respect of the same matter but the claims were denied. Based on the information currently available, the Group considers that no provision is required to be made in the interim financial report in respect of this claim because the likelihood of an adverse outcome is remote.

19. Subsequent event

In July 2013, Hubei Jinxu issued new shares to two new investors. After the issuance, the Group's equity interest in Hubei Jinxu was diluted from 18.66% to 17.72%.

Directors' Interests and Short Positions in Securities

As at 30 June 2013, 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)
Tan Yunbiao	Personal	240,000	Long position	0.026%
Li Li	Personal	1,417,000	Long position	0.156%
Luo Jianhua	Personal	200,000	Long position	0.022%
Sung Hem Kuen	Personal	180,000	Long position	0.020%
Liang Jiang	Personal	1,210,000	Long position	0.133%
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 2013.*

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

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

Name of Director	Date of grant of share options#	Number of share options: At 1 January 2013	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	At 30 June 2013	Total consideration paid for share options granted	Exercise period of share options (both days inclusive)##	Exercise price of share options*	Price of ordinary share at date immediately before date of grant**	Price of ordinary share at date immediately before the exercise date**
	(DD.MM.YYYY)						HK$	(DD.MM.YYYY)	HK$ (per share)	HK$ (per share)	HK$ (per share)
Tan Yunbiao	09.03.2006	2,000,000	–	–	–	2,000,000	1	09.06.2006 to 08.03.2016	1.66	1.61	–
Liang Jiang	09.03.2006	2,000,000	–	–	–	2,000,000	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 the 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 (the "2008 Share Option Scheme")

Name of Director	Date of grant of share options	Number of share options: At date of grant	At 1 January 2013	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	At 30 June 2013	Total consideration paid for share options granted	Exercise price of share options*	Price of ordinary share at date immediately before date of grant**	Price of ordinary share at date immediately before the exercise date**
	(DD.MM.YYYY)							HK$	HK$ (per share)	HK$ (per share)	HK$ (per share)
Tan Yunbiao	30.12.2008	1,200,000	240,000	–	–	–	240,000	–	0.75	0.74	–
	05.07.2010	2,100,000	1,260,000	–	–	–	1,260,000	–	1.45	1.44	–
Li Li	05.07.2010	1,090,000	654,000	–	–	–	654,000	–	1.45	1.44	–
Luo Jianhua	30.12.2008	1,000,000	200,000	–	–	–	200,000	–	0.75	0.74	–
	05.07.2010	1,860,000	1,116,000	–	–	–	1,116,000	–	1.45	1.44	–
Sung Hem Kuen	30.12.2008	900,000	180,000	–	–	–	180,000	–	0.75	0.74	–
	05.07.2010	1,860,000	1,116,000	–	–	–	1,116,000	–	1.45	1.44	–
Liang Jiang	30.12.2008	2,150,000	430,000	–	–	–	430,000	–	0.75	0.74	–
	05.07.2010	3,100,000	1,860,000	–	–	–	1,860,000	–	1.45	1.44	–

Notes to the above share options granted pursuant to the 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:

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%*

(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:

Date on which event occurs	***Percentage vesting***
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 share 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 share options were exercised by each of the directors or all other participants as an aggregate whole.

Interests and Short Positions in Guangdong Investment 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
				(Note)
Liang Jianqin	Personal	100,000	Long position	0.002%

Note: The approximate percentage of interests held was calculated on the basis of 6,238,163,071 ordinary shares of Guangdong Investment Limited in issue as at 30 June 2013.

Interests and Short Positions in Kingway Brewery Holdings 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
				(Note)
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 2013.

Save as disclosed above, as at 30 June 2013, 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 2013, 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
			(Note 1)
廣東粵海控股有限公司 (Guangdong Holdings Limited) ("Guangdong Holdings") *(Note 2)*	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 2013.*

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 2013, 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 the 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 the 2004 Share Option Scheme and adopted the 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 the 2004 Share Option Scheme, no further share options will be granted thereunder but in all other respects, the provisions of the 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, 200,000 share options lapsed and no share options were exercised nor cancelled under the 2004 Share Option Scheme.

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

As at 30 June 2013, share options were outstanding entitling the holders to subscribe for 4,500,000 shares of the Company under the 2004 Share Option Scheme, and to subscribe for 9,632,000 shares of the Company under the 2008 Share Option Scheme, of which 1,370,000 share options were granted on 30 December 2008 and 8,262,000 share options were granted on 5 July 2010.

As at 30 June 2013, 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 the 2004 Share Option Scheme and the 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.

(i) 2004 Share Option Scheme

Category	Date of grant of share options#	Number of share options: At 1 January 2013	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	At 30 June 2013	Total consideration paid for share options granted	Exercise period of share options (both days inclusive)##	Exercise price of share options*	Price of ordinary share at date immediately before date of grant**	Price of ordinary share at date immediately before the exercise date**
	(DD.MM.YYYY)						HK$	(DD.MM.YYYY)	HK$ (per share)	HK$ (per share)	HK$ (per share)
Employees	09.03.2006	300,000	–	–	–	300,000	1	09.06.2006 to 08.03.2016	1.66	1.61	–
Other participants	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 the 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	Number of share options: At date of grant	At 1 January 2013	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	At 30 June 2013	Total consideration paid for share options granted	Exercise price of share options*	Price of ordinary share at date immediately before date of grant**	Price of ordinary share at date immediately before the exercise date**
	(DD.MM.YYYY)							HK$	HK$ (per share)	HK$ (per share)	HK$ (per share)
Employees	30.12.2008	1,600,000	320,000	–	–	–	320,000	–	0.75	0.74	–
	05.07.2010	3,760,000	2,256,000	–	–	–	2,256,000	–	1.45	1.44	–

Notes to the 2008 Share Option Scheme are set out in the "Notes to the above share options granted pursuant to the 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 the 2004 Share Option Scheme and the 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

Corporate Governance Code

The Company has complied with the code provisions and, where appropriate, the applicable recommended best practices set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2013.

At the meeting of the Board held on 22 August 2013, the Company has approved and adopted a diversity policy (the "Policy") which sets out its approach to achieve diversity on the Board. The Nomination Committee of the Company is responsible for monitoring the Company's performance in meeting the requirements of the Policy, including the achievement of those measureable objectives as set out in the Policy.

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 2013.

Changes in Directors' Information

Commencing 1 January 2013, the remuneration which includes basic salaries, allowances and other benefits for Messrs. Tan Yunbiao, Li Li, Luo Jianhua and Sung Hem Kuen, amounts to approximately HK$581,000, HK$743,000, HK$509,000 and HK$1,177,000 per annum respectively.

Mr. Gerard Joseph McMahon was appointed an independent non-executive director and deputy chairman of the board of directors of Tanami Gold NL, a company listed on the Australian Securities Exchange, on 23 April 2013 and was appointed the chairman of the board of directors and a member of the audit committee, remuneration committee and nomination committee on 4 June 2013.

Ms. Tam Wai Chu Maria was appointed an independent non-executive director of Macau Legend Development Limited, a Hong Kong listed company, on 5 June 2013.

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

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 2013. 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 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

Interim Dividend

The Board has resolved to declare the payment of an interim dividend of HK 2.0 cents per share (six months ended 30 June 2012: HK 1.5 cents per share) for the six months ended 30 June 2013. The interim dividend will be paid on Monday, 28 October 2013 to the shareholders whose names appear on the register of members on Friday, 4 October 2013.

Closure of Register of Members

The register of members of the Company will be closed on Thursday, 3 October 2013 and Friday, 4 October 2013. During the period, 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 Wednesday, 2 October 2013.

By order of the Board
Tan Yunbiao
Chairman

Hong Kong, 22 August 2013