



廣南(集團)有限公司

GUANGNAN (HOLDINGS) LIMITED

股份代號 Stock Code: 1203



2014

中期報告

INTERIM REPORT



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# Corporate Information

(as at 22 August 2014)

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## BOARD OF DIRECTORS

### Executive Directors

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

### Non-Executive Director

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  
The Bank of East Asia (China) Limited, Zhuhai Branch  
The Agricultural Bank of China, Qinhuangdao Shanhaiguankaifu Sub-branch  
Bank of China Limited, Qinhuangdao Branch Shanhaiguan Sub-branch

## REGISTERED OFFICE

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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 2014 and 7 October 2014
<i>Interim Dividend Payment Date</i>	HK2.0 cents per share 28 October 2014

# Financial Highlights

(Expressed in Hong Kong dollars)

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## UNAUDITED FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change
	2014 \$'000	2013 \$'000	
<b>Turnover</b>	<b>1,744,657</b>	1,837,225	-5.0%
<b>Profit from operations</b>	<b>78,047</b>	89,643	-12.9%
<b>Profit attributable to shareholders</b>	<b>66,563</b>	76,755	-13.3%
<b>Basic earnings per share</b>	<b>7.3 cents</b>	8.5 cents	-14.1%
<b>Interim dividend per share</b>	<b>2.0 cents</b>	2.0 cents	–
	At 30 June 2014 \$'000	At 31 December 2013 \$'000	Change
<b>Total assets</b>	<b>3,720,237</b>	3,305,974	12.5%
<b>Shareholders' equity</b>	<b>2,340,609</b>	2,307,664	1.4%
<b>Net asset value per share<sup>1</sup></b>	<b>\$2.58</b>	\$2.54	1.6%
<b>Closing market price per share</b>	<b>\$1.00</b>	\$0.98	
<b>Net cash<sup>2</sup></b>	<b>(446,716)</b>	(416,889)	
<b>Gearing ratio<sup>3</sup></b>	<b>-19.1%</b>	-18.1%	

Notes:

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

2. Borrowings – cash and cash equivalents

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

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

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## RESULTS

For the first half of 2014, the unaudited consolidated profit attributable to shareholders was HK\$66,563,000, representing a decrease of 13.3% from HK\$76,755,000 for the corresponding period last year. Basic earnings per share was HK7.3 cents, a decrease of 14.1% from HK8.5 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 2014 of HK2.0 cents per share (six months ended 30 June 2013: HK2.0 cents per share).

## BUSINESS REVIEW

In the first half of 2014, all major business segments of the Group recorded a decrease in both turnover and profit. The Group's consolidated turnover was HK\$1,744,657,000, representing a decrease of HK\$92,568,000 or 5.0% from HK\$1,837,225,000 for the corresponding period last year. Profit from operations was HK\$78,047,000, representing a decrease of HK\$11,596,000 or 12.9% from HK\$89,643,000 for the corresponding period last year.

In respect of our tinplating business, with more new tinplating production lines operated by other companies in Mainland China commencing production, the excess supply over demand in the iron and steel industry and intense competition, all these placed pressure on the sales of tinplate products and the selling price of tinplate products decreased during the current period. As the rate of decrease in the cost of raw materials was more than that in the selling price of tinplate products, gross profit for the period increased as compared to that in the corresponding period last year. However, due to the depreciation of Renminbi against the Hong Kong Dollar and the United States Dollar during the current period, an exchange loss was recorded for the period. Hence, profit of the Group's tinplating business decreased as compared to that in the corresponding period last year.

As to the fresh and live foodstuffs business, the turnover of the fresh and live foodstuffs business recorded a decrease, mainly due to the impact of avian flu on our distribution and sales of live poultry business resulting in the suspension of import of live poultry into Hong Kong during the current period. 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 46%. This provided a relatively steady contribution to the earnings of the Group.

In respect of the property leasing business, in line with the increase in the valuation of office units in Hong Kong in the first half of 2014, net valuation gains on investment properties of HK\$22,930,000 (2013: HK\$13,448,000) were recorded by the Group.

For the associates, as a result of the sluggish demand and decrease in selling price of the major products, corn starch, of Yellow Dragon Food Industry Co., Ltd., an associate of the Group, marginal profit for the period was recorded. On the other hand, the decrease in the price of live pigs led to losses being incurred by the two associates which are engaged in pig farming and sales of pigs.

## 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 2014, the Group produced 196,494 tonnes of tinplate products, which represented a decrease of 1.9% as compared to that in the corresponding period last year. Zhongyue Tinplate and Zhongyue Posco produced 109,585 tonnes and 86,909 tonnes respectively. In addition, the blackplate manufacturing plant of Zhongyue Tinplate produced 66,627 tonnes of blackplates, a decrease of 10.3% 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 197,071 tonnes of tinplate products, a decrease of 0.9% as compared to that in the corresponding period last year, of which, Zhongyue Tinplate and Zhongyue Posco sold 111,195 tonnes and 85,876 tonnes respectively, an increase of 4.3% and a decrease of 6.9% respectively as compared to that in the corresponding period last year. Turnover was HK\$1,582,572,000, a decrease of 4.9% as compared to the corresponding period last year and profit was HK\$33,714,000, a decrease of HK\$11,042,000 or 24.7% as compared to that in the corresponding period last year. The tinplating business accounted for 90.7% and 43.2% of the Group’s turnover and profit from operations respectively.

In the first half of 2014, with more new tinplating production lines operated by other companies in Mainland China commencing production, the excess supply over demand in the iron and steel industry and intense competition, all these placed pressure on the sales of tinplate products and the selling price of tinplate products decreased during the current period. As the rate of decrease in the cost of raw materials was more than that in the selling price of tinplate products, gross profit for the period increased as compared to that in the corresponding period last year. However, due to the depreciation of Renminbi against the Hong Kong Dollar and the United States Dollar during the current period, an exchange loss was recorded for the period. Hence, profit of the Group’s tinplating business decreased as compared to that in the corresponding period last year. 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 significantly increased accordingly. Sales volume was also stabilised by capitalising on the favourable position in capital management, adopting selling price more comparable to the market rate and adopting effective control in trade receivables’ management. The Group continued the implementation of full budgetary control, strengthening of the internal control and improving its human resources management system by streamlining human resources, improving efficiency and optimising performance management. It also promoted energy saving, waste reduction and efficiency optimisation. All these in turn mitigated the pressure on the Group regarding the decrease in the selling price of tinplate products and the surge in various operating costs. During the period, Zhongyue Tinplate passed the Food Safety System Certification (FSSC 22000), incubating new strengths for our business of metallic packaging for food.

## **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 plants in our factory area in Zhongshan, which were previously let out, 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. Besides, Zhongyue Posco is also acquiring coating and printing production lines. It is estimated that the total investment cost of these production lines will be approximately RMB265 million (equivalent to approximately HK\$334 million). These new production lines will enable the Group 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. It is expected that these coating and printing production lines will commence operation consecutively in the second half of 2014, while the new tinplating production line will commence operation in early 2015. By that time, the annual production capacity of tinplate products, blackplates, and coated and printed tinplates of the Group's factories in northern and southern China will become 620,000 tonnes, 150,000 tonnes and 100,000 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, a 16.12% 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 July 2014, the shares of Hubei Jinxu were listed on the National Equities Exchange and Quotations in Mainland China.

In the first half of 2014, the turnover of the fresh and live foodstuffs business amounted to HK\$150,775,000, representing a decrease of 5.6% as compared to that in the corresponding period last year. Together with the share of losses of two associates, namely Hubei Jinxu and Guangdong Baojin, of HK\$8,318,000, the total profit was HK\$34,495,000, representing a decrease of HK\$8,047,000 or 18.9% as compared to that in the corresponding period last year. Turnover decreased mainly due to the impact of avian flu on our distribution and sales of live poultry business resulting in the suspension of import of live poultry into Hong Kong during the current period. On the other hand, the decrease in the price of live pigs led to losses being incurred by the two associates, which are engaged in pig farming and sales of pigs. 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 46%. 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 the office units in Hong Kong.

In the first half of 2014, turnover from the property leasing business of the Group was HK\$11,310,000, a decrease of 15.2% as compared to that in the corresponding period last year. Profit amounted to HK\$7,641,000, a decrease of 5.9% 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 2014, net valuation gains on investment properties of HK\$22,930,000 (2013: HK\$13,448,000) 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 2014, Yellow Dragon recorded a sales volume of 181,554 tonnes in its major product, corn starch, representing a decrease of 13.8% as compared to that the corresponding period last year. Turnover was HK\$904,262,000, a decrease of 11.8% as compared to that in the corresponding period last year. As a result of the sluggish demand and decrease in selling price of the major product, marginal profit for the period was recorded. Profit attributable to the shareholders was HK\$1,284,000 (2013: HK\$3,361,000).

## FINANCIAL POSITION

As at 30 June 2014, the Group's total assets and total liabilities amounted to HK\$3,720,237,000 and HK\$1,183,869,000, representing an increase of HK\$414,263,000 and HK\$380,341,000 respectively when compared with the positions at the end of 2013. Net current assets increased from HK\$1,011,345,000 at the end of 2013 to HK\$1,425,840,000. The current ratio (current assets divided by current liabilities) also increased from 2.3 as at the end of 2013 to 2.9.

## Liquidity and Financial Resources

As at 30 June 2014, the Group's cash and cash equivalents balance was HK\$1,031,402,000, of which HK\$857,605,000 was denominated in Renminbi and HK\$76,631,000 was denominated in United States Dollars while the remaining balance was denominated in Hong Kong Dollars. Cash and cash equivalents balance increased by 54.2% from the end of 2013, mainly from the proceeds of new loans.

As at 30 June 2014, the Group's borrowings comprised 1) unsecured bank borrowings of HK\$505,126,000 (31 December 2013: HK\$172,523,000); and 2) loans from a related company of HK\$79,560,000 (31 December 2013: HK\$79,560,000). 68.4% (31 December 2013: 63.5%) of the Group's borrowings was guaranteed by the Company. As at 30 June 2014, 31.6% of the Group's borrowings was repayable within 1 year and the remaining balance was repayable within 2 years while as at 31 December 2013, all of the Group's borrowings were repayable within 1 year. All borrowings were subject to annual interest rates ranging from 1.65% to 2.28% (31 December 2013: 1.74% to 2.16%) per annum. 82.0% (31 December 2013: 95.0%) of the Group's borrowings bear interest at floating rates. Management closely monitors the changes in market interest rates.



## Liquidity and Financial Resources (Continued)

As at 30 June 2014, 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 -19.1% (31 December 2013: -18.1%).

In January 2014, the Group entered into a facility agreement (the "Facility Agreement") with Industrial and Commercial Bank of China (Asia) Limited and The Hongkong and Shanghai Banking Corporation Limited. In accordance with the Facility Agreement, the Group was granted a two-year term loan facility with a maximum amount of HK\$400,000,000 for the purpose of general corporate financing requirements. The above-mentioned facility was fully drawn, and the Group's former bank loan of HK\$160,000,000, which matured in June 2014, was early repaid in full during the current period.

As at 30 June 2014, the Group's available banking facilities amounted to HK\$684,526,000, of which HK\$541,212,000 was utilised and HK\$143,314,000 was unutilised. 58.4% 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 2014 amounted to HK\$42,366,000 (2013: HK\$9,570,000). Capital commitments outstanding at 30 June 2014 not provided for in the financial statements amounted to HK\$247,205,000 (31 December 2013: HK\$254,599,000), mainly for the construction of a new tinplating production line and the coating and printing production lines. It is expected that the capital expenditure for the year 2014 will be approximately HK\$230 million.

## Acquisitions and Disposals of Investments

During the first half of 2014, the Group had no material acquisitions and disposals of investments.

## Charge on Assets

As at 30 June 2014, none of the assets of the Group was pledged.

## Contingent Liabilities

In 2013, a third party in Mainland China 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\$2,595,000) and a penalty of approximately RMB4,962,000 (equivalent to HK\$6,251,000) for non-payment. According to the judgement made by the Court of Zhongshan City in May 2014, the subsidiary is required to repay the above trade debt and the related penalty. The subsidiary submitted an appeal in June 2014 to the High Court of Guangdong Province. Currently, the court appeal proceedings are still in progress.

In prior years, this same third party had also filed claims in respect of the same matter and had won the case, but the claims were finally denied by court. Based on the information currently available and a legal opinion obtained, the Group considers that the subsidiary has a considerable prospect of success in the above litigation. Accordingly, no provision was made in respect of this claim.

Except for the abovementioned matter, the Group had no material contingent liabilities as at 30 June 2014.

## Exchange Rate and Interest Rate Exposures

The majority of the Group's business operations are in Hong Kong and Mainland China. 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 in exchange rates, the Group will hedge the exposure as and when necessary. As at 30 June 2014, forward foreign exchange contracts of RMB138,308,000 (equivalent to HK\$174,240,000) against United States Dollar were entered into by the Group to hedge against currency risks in respect of export sales. As at 31 December 2013, forward foreign exchange contracts equivalent to HK\$232,954,000 in total were entered into by the Group.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group had a total of 1,196 full-time employees, a decrease of 40 from the end of 2013. 191 of the employees were based in Hong Kong and 1,005 were in Mainland China. 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 2014, the Group continued to implement control on the headcount, organisation structure and total salaries of each subsidiary. The performance bonus incentive scheme for 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 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 Mainland China reduced slightly. With more new tinplating production lines operated by other companies in Mainland China commencing production, there is pressure on the sales of tinplate products and there will be certain challenges in the operating environment in future. Although Renminbi depreciated against the United States Dollars at the beginning of this year, it began to stabilise in recent months. It is expected to continue to fluctuate in dual directions and will have an impact on the Group's earnings. 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 constructing a new tinplating production line with an annual production capacity of 150,000 tonnes, and acquiring coating and printing production lines, in order to improve the standard of production equipment and product quality and to strengthen our core competitiveness. It is expected that these coating and printing production lines will commence operation consecutively in the second half of 2014, while the new tinplating production line will commence operation in early 2015. 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 and 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 41 which comprises the consolidated balance sheet of Guangnan (Holdings) Limited as of 30 June 2014 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 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 2014 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 2014

# Consolidated Income Statement

for the six months ended 30 June 2014 – unaudited  
(Expressed in Hong Kong dollars)

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	Note	Six months ended 30 June	
		2014 \$'000	2013 \$'000
<b>Turnover</b>	3	<b>1,744,657</b>	1,837,225
Cost of sales		<b>(1,570,856)</b>	(1,671,888)
<b>Gross profit</b>		<b>173,801</b>	165,337
Other revenue	4	<b>15,333</b>	7,499
Other net (loss)/income	4	<b>(14,486)</b>	11,706
Distribution costs		<b>(41,310)</b>	(38,126)
Administrative expenses		<b>(55,058)</b>	(56,504)
Other operating expenses		<b>(233)</b>	(269)
<b>Profit from operations</b>		<b>78,047</b>	89,643
Net valuation gains on investment properties	8(b)	<b>22,930</b>	13,448
Finance costs	5(a)	<b>(4,310)</b>	(2,886)
Share of profits less losses of associates		<b>(7,804)</b>	(1,465)
<b>Profit before taxation</b>	5	<b>88,863</b>	98,740
Income tax	6	<b>(17,109)</b>	(13,427)
<b>Profit for the period</b>		<b>71,754</b>	85,313
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>66,563</b>	76,755
Non-controlling interests		<b>5,191</b>	8,558
<b>Profit for the period</b>		<b>71,754</b>	85,313
<b>Earnings per share</b>			
Basic	7(a)	<b>7.3 cents</b>	8.5 cents
Diluted	7(b)	<b>7.3 cents</b>	8.5 cents

The notes on pages 20 to 41 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 2014 – unaudited  
(Expressed in Hong Kong dollars)

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	Six months ended 30 June	
	2014	2013
	\$'000	\$'000
<b>Profit for the period</b>	<b>71,754</b>	85,313
<b>Other comprehensive income for the period (after taxation):</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries and associates outside Hong Kong	<b>(17,167)</b>	30,521
<b>Total comprehensive income for the period</b>	<b>54,587</b>	115,834
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>50,925</b>	104,530
Non-controlling interests	<b>3,662</b>	11,304
<b>Total comprehensive income for the period</b>	<b>54,587</b>	115,834

The notes on pages 20 to 41 form part of this interim financial report.

# Consolidated Balance Sheet

at 30 June 2014

(Expressed in Hong Kong dollars)

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	Note	At 30 June 2014 Unaudited \$'000	At 31 December 2013 Audited \$'000
<b>Non-current assets</b>			
Fixed assets			
– Investment properties		367,565	381,147
– Other property, plant and equipment		733,568	721,938
– Interests in leasehold land held for own use under operating leases		127,499	118,224
	8	1,228,632	1,221,309
Interest in associates		284,560	296,205
Deposits and prepayments	10	36,196	13,354
Deferred tax assets		4,946	4,943
		1,554,334	1,535,811
<b>Current assets</b>			
Inventories	9	476,951	418,106
Trade and other receivables, deposits and prepayments	10	657,550	682,568
Current tax recoverable		–	517
Cash and cash equivalents	11	1,031,402	668,972
		2,165,903	1,770,163
<b>Current liabilities</b>			
Trade and other payables	12	508,690	472,835
Bank loans	13(a)	105,126	172,523
Loans from a related company	13(b)	79,560	79,560
Current tax payable		46,687	33,900
		740,063	758,818
<b>Net current assets</b>		1,425,840	1,011,345
<b>Total assets less current liabilities</b>		2,980,174	2,547,156

# Consolidated Balance Sheet (Continued)

at 30 June 2014

(Expressed in Hong Kong dollars)

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	<i>Note</i>	<b>At 30 June 2014 Unaudited \$'000</b>	At 31 December 2013 Audited \$'000
<b>Non-current liabilities</b>			
Bank loans	13(a)	400,000	–
Deferred tax liabilities		43,806	44,710
		<b>443,806</b>	44,710
<b>NET ASSETS</b>			
		<b>2,536,368</b>	2,502,446
<b>CAPITAL AND RESERVES</b>			
Share capital: nominal value		–	453,647
Other statutory capital reserves		–	5,419
Share capital and other statutory capital reserves	14(b)	459,066	459,066
Other reserves		1,881,543	1,848,598
<b>Total equity attributable to equity shareholders of the Company</b>		<b>2,340,609</b>	2,307,664
<b>Non-controlling interests</b>		<b>195,759</b>	194,782
<b>TOTAL EQUITY</b>		<b>2,536,368</b>	2,502,446

The notes on pages 20 to 41 form part of this interim financial report.



# Consolidated Statement of Changes in Equity

for the six months ended 30 June 2014 – unaudited  
(Expressed in Hong Kong dollars)

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	Attributable to equity shareholders of the Company										
	Note	Share capital	Share premium	Capital reserve- share options	Exchange reserve	Special capital reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2014</b>		453,647	5,419	2,737	355,281	107,440	61,561	1,321,579	2,307,664	194,782	2,502,446
<b>Changes in equity for the six months ended 30 June 2014:</b>											
Profit for the period		-	-	-	-	-	-	66,563	66,563	5,191	71,754
Other comprehensive income		-	-	-	(15,638)	-	-	-	(15,638)	(1,529)	(17,167)
<b>Total comprehensive income</b>		-	-	-	(15,638)	-	-	66,563	50,925	3,662	54,587
Transfer to statutory reserves		-	-	-	-	-	3,949	(3,949)	-	-	-
Share-based payment expenses for the period		-	-	166	-	-	-	-	166	-	166
Dividends declared to minority shareholders		-	-	-	-	-	-	-	-	(2,685)	(2,685)
Dividends approved in respect of the previous year	14(a)	-	-	-	-	-	-	(18,146)	(18,146)	-	(18,146)
Transition to no-par value regime on 3 March 2014	14(b)	5,419	(5,419)	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2014</b>		459,066	-	2,903	339,643	107,440	65,510	1,366,047	2,340,609	195,759	2,536,368

# Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2014 – unaudited

(Expressed in Hong Kong dollars)

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	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 2013</b>		453,647	5,419	4,227	307,578	107,440	50,306	1,190,651	2,119,268	178,039	2,297,307
<b>Changes in equity for the six months ended 30 June 2013:</b>											
Profit for the period		-	-	-	-	-	-	76,755	76,755	8,558	85,313
Other comprehensive income		-	-	-	27,775	-	-	-	27,775	2,746	30,521
<b>Total comprehensive income</b>		-	-	-	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)
<b>Balance at 30 June 2013</b>		453,647	5,419	4,568	335,353	107,440	50,306	1,253,855	2,210,588	189,343	2,399,931

# Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2014 – unaudited

(Expressed in Hong Kong dollars)

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	Attributable to equity shareholders of the Company										
	Note	Share	Share	Capital	Exchange	Special	Other	Retained	Total	Non-	Total
		capital	premium	reserve- share options	reserve	capital reserve	reserves	profits		controlling interests	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2013</b>		453,647	5,419	4,568	335,353	107,440	50,306	1,253,855	2,210,588	189,343	2,399,931
<b>Changes in equity for the six months ended 31 December 2013:</b>											
Profit for the period		-	-	-	-	-	-	97,125	97,125	5,000	102,125
Other comprehensive income		-	-	-	19,928	-	-	-	19,928	1,909	21,837
<b>Total comprehensive income</b>		-	-	-	19,928	-	-	97,125	117,053	6,909	123,962
Transfer to statutory reserves		-	-	-	-	-	11,255	(11,255)	-	-	-
Share-based payment expenses for the period		-	-	(1,831)	-	-	-	-	(1,831)	-	(1,831)
Dividends declared to minority shareholders		-	-	-	-	-	-	-	-	(1,470)	(1,470)
Dividends approved in respect of the current year	14(a)	-	-	-	-	-	-	(18,146)	(18,146)	-	(18,146)
<b>Balance at 31 December 2013</b>		453,647	5,419	2,737	355,281	107,440	61,561	1,321,579	2,307,664	194,782	2,502,446

The notes on pages 20 to 41 form part of this interim financial report.

# Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2014 – unaudited  
(Expressed in Hong Kong dollars)

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	Note	Six months ended 30 June	
		2014 \$'000	2013 \$'000
<b>Operating activities</b>			
Cash generated from operations		281,030	315,401
Tax paid		(7,180)	(1,883)
<b>Net cash generated from operating activities</b>		<b>273,850</b>	313,518
<b>Investing activities</b>			
Payment for the purchase of property, plant and equipment		(57,453)	(8,600)
Other cash flows arising from investing activities		205	–
<b>Net cash used in investing activities</b>		<b>(57,248)</b>	(8,600)
<b>Financing activities</b>			
Dividends paid to equity shareholders of the Company		(18,146)	(13,609)
Proceeds from bank loans		428,080	43,605
Repayment of bank loans		(259,691)	(119,163)
Other cash flows arising from financing activities		–	(1,470)
<b>Net cash generated from/(used in) financing activities</b>		<b>150,243</b>	(90,637)
<b>Increase in cash and cash equivalents</b>		<b>366,845</b>	214,281
<b>Cash and cash equivalents at 1 January</b>	11	<b>668,972</b>	471,217
<b>Effect of foreign exchange rates changes</b>		<b>(4,415)</b>	5,775
<b>Cash and cash equivalents at 30 June</b>	11	<b>1,031,402</b>	691,273

The notes on pages 20 to 41 form part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise stated)

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## 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 issue on 22 August 2014.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 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 2013 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 2013 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 2013 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 March 2014.

## 2. Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*
- HK(IFRIC) 21, *Levies*

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.

- Timplating : this segment produces and sells timplates and related products which are mainly used as packaging materials for 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)

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## 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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>For the six months ended 30 June</b>								
Reportable segment revenue	1,582,572	1,664,145	150,775	159,737	11,310	13,343	1,744,657	1,837,225
Reportable segment profit	33,714	44,756	34,495	42,542	7,641	8,118	75,850	95,416
<b>As at 30 June/ 31 December</b>								
Reportable segment assets (including interest in associates)	2,893,344	2,464,291	240,648	241,468	368,335	382,116	3,502,327	3,087,875
Reportable segment liabilities	1,111,485	722,635	23,561	24,755	40,377	44,898	1,175,423	792,288

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

	Six months ended 30 June	
	2014 \$'000	2013 \$'000
<b>Profit</b>		
Reportable segment profit derived from the Group's external customers and associates	75,850	95,416
Unallocated head office and corporate income and expenses	(6,121)	(8,582)
Net valuation gains on investment properties	22,930	13,448
Finance costs	(4,310)	(2,886)
Share of profit of an associate not attributable to any segment	514	1,344
Consolidated profit before taxation	88,863	98,740

# 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 (Continued)

	At 30 June 2014 \$'000	At 31 December 2013 \$'000
<b>Assets</b>		
Reportable segment assets	3,502,327	3,087,875
Interest in an associate not attributable to any segment	212,909	214,455
Unallocated head office and corporate assets	5,001	3,644
Consolidated total assets	3,720,237	3,305,974
<b>Liabilities</b>		
Reportable segment liabilities	1,175,423	792,288
Unallocated head office and corporate liabilities	8,446	11,240
Consolidated total liabilities	1,183,869	803,528



# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

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## 4. Other revenue and net (loss)/income

	Six months ended 30 June	
	2014 \$'000	2013 \$'000
<b>Other revenue</b>		
Interest income	13,370	6,508
Subsidies received	407	124
Others	1,556	867
	15,333	7,499
<b>Other net (loss)/income</b>		
Net realised and unrealised exchange (loss)/gain	(7,901)	12,392
Net losses on forward foreign exchange contracts	(5,106)	–
Others	(1,479)	(686)
	(14,486)	11,706

# 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	
	2014	2013
	\$'000	\$'000
<b>(a) Finance costs</b>		
Interest on bank advances and other borrowings wholly repayable within 5 years	3,615	2,072
Interest on loans from a related company	695	814
	<b>4,310</b>	2,886
<b>(b) Staff costs</b>		
Net contributions to defined contribution retirement plans	5,639	4,926
Equity-settled share-based payment expenses	166	399
Salaries, wages and other benefits	75,932	78,204
	<b>81,737</b>	83,529
<b>(c) Other items</b>		
Amortisation of land lease premium	1,874	1,773
Depreciation	45,619	45,157
Operating lease charges in respect of property rentals	3,925	3,776
Rentals receivable from investment properties less direct outgoings of \$831,000 (30 June 2013: \$1,301,000)	<b>(10,479)</b>	(12,042)

# 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:

	Note	Six months ended 30 June	
		2014 \$'000	2013 \$'000
<b>Current tax — Hong Kong</b>			
Provision for the period		5,611	6,033
<b>Current tax — the People's Republic of China (the "PRC")</b>			
Provision for the period		9,677	7,649
Under/(over)-provision in respect of prior years		2,361	(652)
		12,038	6,997
<b>Deferred tax</b>			
Origination and reversal of temporary differences		(540)	397
	(i)	17,109	13,427

Notes:

- (i) The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2013: 16.5%) to the six months ended 30 June 2014. Income tax for subsidiaries established and operating in the PRC is calculated using the estimated annual effective tax rate of 25% that is expected to be applicable in the relevant provinces or economic zones in the PRC.
- (ii) Dividends declared by the PRC subsidiaries and associates to investors incorporated in Hong Kong are subject to a withholding tax at applicable tax rates.

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 2014 is based on the profit attributable to ordinary equity shareholders of the Company of \$66,563,000 (30 June 2013: \$76,755,000) and the weighted average number of 907,293,000 (30 June 2013: 907,293,000) ordinary shares in issue during the period.

### (b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2014 is based on the profit attributable to ordinary equity shareholders of the Company of \$66,563,000 (30 June 2013: \$76,755,000) and the weighted average number of ordinary shares (diluted) of 907,293,000 (30 June 2013: 907,578,000), calculated as follows:

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

	Six months ended 30 June	
	2014 '000	2013 '000
Weighted average number of ordinary shares at 30 June	907,293	907,293
Effect of deemed issue of ordinary shares under the Company's share option schemes for nil consideration ( <i>note 14(d)</i> )	–	285
Weighted average number of ordinary shares (diluted) at 30 June	907,293	907,578

## 8. Fixed assets

### (a) Acquisitions and transfers

During the six months ended 30 June 2014, the Group acquired items of property, plant and equipment with a cost of \$42,366,000 (30 June 2013: \$9,570,000). Also, the Group transferred construction in progress with a carrying amount of \$49,786,000 (30 June 2013: \$6,688,000) to other property, plant and equipment upon completion.

During the six months ended 30 June 2014, a certain portion of investment properties situated in the PRC with a carrying amount of \$34,599,000 (30 June 2013: \$21,365,000) was transferred from investment properties to other property, plant and equipment due to change in use.

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

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## 8. Fixed assets (Continued)

### (b) Investment properties

The valuations of investment properties carried at fair value were updated at 30 June 2014 by independent firms of surveyors Jones Lang LaSalle Corporate Appraisal and Advisory Limited and Vigers Appraisal and Consulting Limited, using the same valuation techniques as were used by these valuers when carrying out the December 2013 valuations. As a result of the update, a net gain of \$22,930,000 (30 June 2013: \$13,448,000) and deferred tax expenses thereon of \$Nil (30 June 2013: \$7,000), have been recognised in profit or loss for the period.

### (c) Leases

The Group leases out investment properties under operating leases. The leases run for an initial period of 5 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 amount of investment properties of the Group held for use in operating leases was \$367,565,000 (31 December 2013: \$381,147,000).

## 9. Inventories

	<b>At 30 June 2014 \$'000</b>	At 31 December 2013 \$'000
Raw materials, spare parts and consumables	<b>273,475</b>	215,759
Work in progress	<b>18,093</b>	9,712
Finished goods	<b>185,383</b>	192,635
	<b>476,951</b>	418,106

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 \$10,871,000 during the period (30 June 2013: \$12,081,000).

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

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

	At 30 June 2014 \$'000	At 31 December 2013 \$'000
Trade debtors	281,597	193,012
Bills receivable	202,903	423,038
Other receivables, deposits and prepayments	177,457	67,409
Amounts due from a related company (note (i))	26,967	9,758
Loan to an associate (note (ii))	4,822	–
Derivative financial instruments (note 15)	–	2,705
	<b>693,746</b>	695,922
Less: Deposits and prepayments (non-current portion) (note (iii))	<b>(36,196)</b>	(13,354)
Trade and other receivables, deposits and prepayment (current portion)	<b>657,550</b>	682,568

Notes:

- (i) The amounts represent trade balances due from a company related to the minority shareholder of a non-wholly owned subsidiary.
- (ii) The loan to an associate is unsecured, interest-bearing at 6% per annum and repayable within one year.
- (iii) The deposits and prepayments (non-current portion) represent the deposits mainly for acquisition of equipment in relation to a new tinplating production line and coating and printing production lines.

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), net of allowance for doubtful debts, is as follows:

	At 30 June 2014 \$'000	At 31 December 2013 \$'000
Within 1 month	448,535	616,337
1 to 3 months	57,112	6,282
Over 3 months	5,820	3,189
	<b>511,467</b>	625,808

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

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

There was no recognition or reversal of impairment losses in respect of trade and other receivables, deposits and prepayments during the six months ended 30 June 2014 and 2013.

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

(a)

	At 30 June 2014 \$'000	At 31 December 2013 \$'000
Deposits with banks	19,488	72,990
Cash at bank and in hand	1,011,914	595,982
Cash and cash equivalents in the consolidated balance sheet and condensed consolidated cash flow statement	1,031,402	668,972

(b) Major non-cash transactions

During the period, the proceeds from bank loans of \$164,333,000 (2013: \$124,501,000) were directly remitted to a related company to settle trade balances due to that related company. Hence, these proceeds from bank loans had no cash flow impact to the Group.

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 12. Trade and other payables

	At 30 June 2014 \$'000	At 31 December 2013 \$'000
Trade creditors	107,688	66,353
Other payables and accrued charges	118,243	142,353
Amounts due to a related company (note (i))	252,745	239,478
Amounts due to associates (note (ii))	607	366
Amount due to a fellow subsidiary (note (iii))	23,250	23,250
Dividend payable to minority shareholders	2,685	–
Derivative financial instruments (note 15)	3,472	1,035
	<b>508,690</b>	472,835

Notes:

- (i) The amounts represent trade balances due to a company related to the minority shareholder of a non-wholly owned subsidiary.
- (ii) The amounts represent trade balances due to associates.
- (iii) The amount due to a fellow subsidiary is unsecured, interest-free and has no fixed terms of repayment.
- (iv) All of the Group's trade and other payables are expected to be settled or recognised as income within one year except for the amount of \$611,000 (31 December 2013: \$1,810,000), which is expected to be settled or recognised as income after more than one year.

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) is as follows:

	At 30 June 2014 \$'000	At 31 December 2013 \$'000
Due within 1 month or on demand	207,746	114,185
Due after 1 month but within 3 months	153,294	192,012
	<b>361,040</b>	306,197



# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

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## 13. Borrowings

### (a) Bank loans

	<b>At 30 June 2014 \$'000</b>	At 31 December 2013 \$'000
Unsecured ( <i>note</i> )	<b>505,126</b>	172,523

The bank loans were repayable as follows:

	<b>At 30 June 2014 \$'000</b>	At 31 December 2013 \$'000
Within 1 year or on demand	<b>105,126</b>	172,523
After 1 year but within 2 years	<b>400,000</b>	–
	<b>505,126</b>	172,523

*Note: Included in unsecured bank loans is a loan of \$400,000,000 (31 December 2013: \$160,000,000) which is guaranteed by the Company. It is provided in the facility agreement for the loan of \$400,000,000 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) effective management control over the Company, then the lenders are entitled to request immediate repayment of these outstanding loans and all accrued interest.*

*Furthermore, the bank loan is subject to fulfilment of certain loan covenants relating to certain of the Group's balance sheet and income statement ratios, as commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the amount would become repayable on demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2014 and 31 December 2013, none of the covenants relating to the bank loan had been breached.*

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

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## 13. Borrowings (Continued)

### (b) Loans from a related company

	At 30 June 2014 \$'000	At 31 December 2013 \$'000
Loans from a related company	79,560	79,560

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") + 1.5% (31 December 2013: 3-month LIBOR + 1.5%) per annum and repayable within one year.

## 14. Capital, reserves and dividends

### (a) Dividends

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

	Six months ended 30 June 2014 \$'000	2013 \$'000
Interim dividend declared and payable/paid after the interim period of 2.0 cents (30 June 2013: 2.0 cents) per ordinary share	18,146	18,146

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

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

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## 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	
	2014	2013
	\$'000	\$'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of 2.0 cents (30 June 2013: 1.5 cents) per ordinary share	18,146	13,609

### (b) Share capital

As at 31 December 2013, 3,000,000,000 ordinary shares, with par value of \$0.5 each, were authorised for issue. Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concepts of "authorised share capital" and "par value" no longer exist. As part of the transition to the no-par value regime, the amount standing to the credit of the share premium account on 3 March 2014 has become part of the Company's share capital, under the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622). These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the shareholders.

Movement of the Company's ordinary shares is set out below:

	At 30 June 2014		At 31 December 2013	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Ordinary shares, issued and fully paid:				
At 1 January	907,293	453,647	907,293	453,647
Transition to no-par value regime on 3 March 2014	–	5,419	–	–
At 30 June/31 December	907,293	459,066	907,293	453,647

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

### (c) Share premium

Prior to 3 March 2014, the application of the share premium account was governed by sections 48B of the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account has become part of the Company's share capital (see note 14(b)). The use of share capital as from 3 March 2014 is governed by the new Hong Kong Companies Ordinance (Cap. 622).

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

During the six months ended 30 June 2014 and 2013, no share options were exercised.

In addition, during the six months ended 30 June 2014, there was no lapse or expiry of share options. During the six months ended 30 June 2013, 200,000 share options lapsed and there was no expiry of share options.

8,631,000 share options (31 December 2013: 8,631,000 share options) were outstanding at 30 June 2014 and the weighted average exercise price is \$1.56 (31 December 2013: \$1.56).

## 15. Fair value measurement of financial instruments

### (a) Financial instruments measured at fair value

#### *Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the balance sheet date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 15. Fair value measurement of financial instruments (Continued)

### (a) Financial instruments measured at fair value (Continued)

#### *Fair value hierarchy (Continued)*

Valuation reports on fair value measurement of financial instruments are prepared by financial institutions. The chief financial officer has discussions with these financial institutions about the valuation assumptions and valuations are performed at each interim and annual reporting date.

	Fair value at 30 June 2014 \$'000	Fair value measurements as at 30 June 2014 categorised into		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Derivative financial instruments:</b>				
Forward foreign exchange contracts – Liabilities ( <i>note 12</i> )	(3,472)	–	(3,472)	–

	Fair value at 31 December 2013 \$'000	Fair value measurements as at 31 December 2013 categorised into		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Derivative financial instruments:</b>				
Forward foreign exchange contracts – Assets ( <i>note 10</i> )	2,705	–	2,705	–
– Liabilities ( <i>note 12</i> )	(1,035)	–	(1,035)	–

During the six months ended 30 June 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2013: nil). The Group's policy is to recognise transfers between the levels of fair value hierarchy as at the end of the reporting period in which they occur.

#### **Valuation techniques and inputs used in Level 2 fair value measurements**

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

## 15. Fair value measurement of financial instruments (Continued)

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2014 and 31 December 2013.

## 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 \$30,000 (\$25,000 prior to June 2014) (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 2014 was \$5,639,000 (30 June 2013: \$4,926,000). No forfeited contributions were refunded during both periods.

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

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## 17. Commitments

- (a) Capital commitments outstanding at 30 June 2014 not provided for in the interim financial report were as follows:

	<b>At 30 June 2014 \$'000</b>	At 31 December 2013 \$'000
Contracted for	<b>162,887</b>	124,332
Authorised but not contracted for	<b>84,318</b>	130,267
	<b>247,205</b>	254,599

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. It is estimated that the investment costs of these production lines will amount to approximately RMB265 million (equivalent to approximately \$334 million).

- (b) At 30 June 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<b>At 30 June 2014 \$'000</b>	At 31 December 2013 \$'000
Within 1 year	<b>3,244</b>	3,098
After 1 year but within 5 years	<b>4,208</b>	4,667
	<b>7,452</b>	7,765

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 2014, the Group had committed to provide additional capital of \$6,489,000 (31 December 2013: \$6,489,000) and additional loan of \$2,314,000 (31 December 2013: \$Nil) to associates of the Group.

## 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	
		2014 \$'000	2013 \$'000
Sales of goods to related companies	(i)	457,228	504,994
Commission paid/payable to a related company	(i), (ii)	6,677	7,358
Commission received/receivable from associates	(iii)	6,642	5,742
Purchases of goods from associates	(iv)	2,525	4,221
Purchases of goods from related companies	(i)	645,476	635,719

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) This represents purchases of goods from associates in respect of trading of fresh and live foodstuffs.
- (v) 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.



## 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 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.

**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:

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>\$'000</b>	\$'000
Short-term employee benefits	<b>2,201</b>	1,585
Post-employment benefits	<b>424</b>	354
Equity compensation benefits	<b>121</b>	291
	<b>2,746</b>	2,230

**19. Contingent liabilities**

In 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 \$2,595,000) and a penalty of approximately RMB4,962,000 (equivalent to \$6,251,000) for non-payment. According to the judgement made by the Court of Zhongshan City in May 2014, the subsidiary is required to repay the above trade debt and the related penalty. The subsidiary submitted an appeal in June 2014 to the High Court of Guangdong Province. Currently, the court appeal proceedings are still in progress.

In prior years, this PRC third party had also filed claims in respect of the same matter and had won the case, but the claims were finally denied by court. Based on the information currently available and a legal opinion obtained, the Group considers that the subsidiary has a considerable prospect of success in the above litigation. Accordingly, no provision was made in respect of this claim.

## Directors' Interests and Short Positions in Securities

As at 30 June 2014, 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 2)
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 (Note 1)	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%

Notes:

1. Mr. Liang Jiang resigned as a Non-Executive Director of the Company on 16 July 2014.
2. 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 2014.

## Directors' Interests and Short Positions in Securities (Continued)

### Interests and Short Positions in the Company (Continued)

#### (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 <sup>†</sup>	Number of share options				At 30 June 2014	Total consideration paid for share options granted	Exercise period of share options (both days inclusive) <sup>##</sup>	Exercise price of share options <sup>*</sup>	Price of ordinary share at date immediately before date of grant <sup>**</sup>	Price of ordinary share at date immediately before the exercise date <sup>**</sup>
		At 1 January 2014	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period						
	(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 <sup>△</sup>	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:

<sup>△</sup> Mr. Liang Jiang resigned as a Non-Executive Director of the Company on 16 July 2014.

<sup>#</sup> 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.

<sup>##</sup> 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 30 June 2014	Total consideration paid for share options granted	Exercise price of share options <sup>*</sup>	Price of ordinary share at date immediately before date of grant <sup>**</sup>	Price of ordinary share at date immediately before the exercise date <sup>**</sup>
		At date of grant	At 1 January 2014	Granted during the period	Exercised during the period					
	(DD.MM.YYYY)					HK\$	HK\$ (per share)	HK\$ (per share)	HK\$ (per share)	
Tan Yunbiao	05.07.2010	2,100,000	630,000	-	-	630,000	-	1.45	1.44	-
Li Li	05.07.2010	1,090,000	327,000	-	-	327,000	-	1.45	1.44	-
Luo Jianhua	05.07.2010	1,860,000	558,000	-	-	558,000	-	1.45	1.44	-
Sung Hem Kuen	05.07.2010	1,860,000	558,000	-	-	558,000	-	1.45	1.44	-
Liang Jiang	05.07.2010	3,100,000	930,000	-	-	930,000	-	1.45	1.44	-

## Directors' Interests and Short Positions in Securities (Continued)

### Interests and Short Positions in the Company (Continued)

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

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

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

- (a) Mr. Liang Jiang resigned as a Non-Executive Director of the Company on 16 July 2014.
- (b) The option period of all the share options is 5.5 years from the date of grant.
- (c) Any share option is only exercisable during the option period after it has become vested.
- (d) 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%

- (e) 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.
- (f) 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 of the Company or all other participants as an aggregate whole.

**Directors' Interests and Short Positions in Securities (Continued)****Interests and Short Positions in Guangdong Investment 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>
				<i>(Note)</i>
Liang Jianqin	Personal	100,000	Long position	0.002%

*Note: The approximate percentage of interests held was calculated on the basis of 6,240,282,571 ordinary shares of Guangdong Investment Limited in issue as at 30 June 2014.*

**Interests and Short Positions in Guangdong Land 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>
				<i>(Note)</i>
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 Guangdong Land Holdings Limited in issue as at 30 June 2014.*

Save as disclosed above, as at 30 June 2014, 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 2014, 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:*

- 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 2014.*
- 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 2014, 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, no share options were exercised, cancelled nor lapsed 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 2014, 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 4,131,000 shares of the Company under the 2008 Share Option Scheme.

As at 30 June 2014, save as disclosed under "Interests (long positions) in options relating to ordinary shares" on pages 43 and 44, certain employees 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 the Company.



## Share Option Schemes (Continued)

**(i) 2004 Share Option Scheme**

Category	Date of grant of share options <sup>†</sup> (DD.MM.YYYY)	Number of share options				Total consideration paid for share options granted	Exercise period of share options (both days inclusive) <sup>##</sup>	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 2014	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period						
Employees	09.03.2006	300,000	-	-	-	300,000	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 (DD.MM.YYYY)	Number of share options				Total consideration paid for share options granted	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 2014	Granted during the period	Exercised during the period					Cancelled/Lapsed during the period	
Employees	05.07.2010	3,760,000	1,128,000	-	-	-	1,128,000	-	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 44.

**(iii)** Notes to the reconciliation 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 44.

### 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 2014 save for provision A.6.7 of the CG Code as a Non-Executive Director was unable to attend the annual general meeting of the Company held on 5 June 2014 as he had other engagements.

#### 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 2014.

#### Changes in Directors’ Information

Commencing 1 January 2014, 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\$621,000, HK\$782,000, HK\$543,000 and HK\$1,235,000 per annum respectively.

Mr. Tan Yunbiao was appointed as the chairman of Zhongyue Posco (Qinhuangdao) Tinplate Industrial Co., Ltd. (“Zhongyue Posco”) in June 2014.

Mr. Luo Jianhua ceased to be the chairman of Zhongyue Posco from June 2014 and remained as a director of Zhongyue Posco.

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 2014. In addition, the Company’s external auditors, KPMG, have also reviewed the aforesaid unaudited interim financial report.

### **Corporate Governance and Other Information** (Continued)

#### **Purchase, Sale and Redemption of Listed Securities**

During the six months ended 30 June 2014, 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 15 January 2014, Zhongyue Industry Material Limited, a wholly-owned subsidiary of the Company, entered into a facility agreement (the "Facility Agreement") for a term loan facility in the principal amount of up to HK\$400,000,000 with two banks (the "Lenders"). It is provided in the Facility Agreement that if GDH ceases to maintain (i) a direct or indirect holding of 50% or more of the share capital of the Company, or (ii) management control over the Company, then the Lenders are entitled to request immediate repayment of all 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 HK2.0 cents per share (six months ended 30 June 2013: HK2.0 cents per share) for the six months ended 30 June 2014. The interim dividend will be paid on Tuesday, 28 October 2014 to the shareholders whose names appear on the register of members on Tuesday, 7 October 2014.

#### **Closure of Register of Members**

The register of members of the Company will be closed on Monday, 6 October 2014 and Tuesday, 7 October 2014. 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 Friday, 3 October 2014.

By order of the Board  
**Tan Yunbiao**  
*Chairman*

Hong Kong, 22 August 2014

