



廣南(集團)有限公司  
GUANGNAN (HOLDINGS) LIMITED

股份代號 Stock Code: 1203



INTERIM REPORT  
**2015** 中期報告



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# Corporate Information

(as at 26 August 2015)

## BOARD OF DIRECTORS

### Executive Directors

TAN Yunbiao (*Chairman and General Manager*)  
LI Li (*Deputy Chairman*)  
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

## AUDITOR

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, Qinhuaingdao Shanhaiguankaifaqu Sub-branch  
Industrial and Commercial Bank of China Limited, Qinhuaingdao Branch Dongqu Sub-branch  
Bank of China Limited, Qinhuaingdao Branch Shanhaiguan Sub-branch

## REGISTERED OFFICE

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Hong Kong  
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Facsimile : (852) 2583 9288  
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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

<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 2015 and 7 October 2015
<i>Interim Dividend Payment Date</i>	HK2.0 cents per share 26 October 2015

# Financial Highlights

(Expressed in Hong Kong dollars)

## UNAUDITED FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change
	2015 \$'000	2014 \$'000	
Revenue	1,371,697	1,744,657	-21.4%
Profit from operations	70,011	78,047	-10.3%
Profit attributable to shareholders	54,015	66,563	-18.9%
Basic earnings per share	6.0 cents	7.3 cents	-17.8%
Interim dividend per share	2.0 cents	2.0 cents	–
	At 30 June 2015 \$'000	At 31 December 2014 \$'000	Change
Total assets	3,659,497	3,678,804	-0.5%
Shareholders' equity	2,442,667	2,410,248	1.3%
Net asset value per share <sup>1</sup>	\$2.69	\$2.66	1.1%
Closing market price per share	\$1.56	\$1.06	
Net cash <sup>2</sup>	(654,857)	(441,894)	
Gearing ratio <sup>3</sup>	-26.8%	-18.3%	

Notes:

- $$\frac{\text{Shareholders' equity}}{\text{Number of ordinary shares in issue}}$$
- Borrowings – cash and cash equivalents
- $$\frac{\text{Net cash}}{\text{Shareholders' equity}}$$

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

## RESULTS

For the first half of 2015, the unaudited consolidated profit attributable to shareholders was HK\$54,015,000, representing a decrease of 18.9% from HK\$66,563,000 for the corresponding period last year. Basic earnings per share was HK6.0 cents, a decrease of 17.8% from HK7.3 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 2015 of HK2.0 cents per share (2014: HK2.0 cents per share).

## BUSINESS REVIEW

In the first half of 2015, the tinplating and property leasing businesses recorded a decrease in both revenue and profit, while there was growth in the fresh and live foodstuffs business. The Group's consolidated revenue was HK\$1,371,697,000, representing a decrease of HK\$372,960,000 or 21.4% from HK\$1,744,657,000 for the corresponding period last year. Profit from operations was HK\$70,011,000, representing a decrease of HK\$8,036,000 or 10.3% from HK\$78,047,000 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 in recent years, the excess of supply over demand in the iron and steel industry and intense competition placed significant pressure on the sales of tinplate products. As the selling price and sales volume of tinplate products of the Group decreased during the current period, gross profit for the period decreased as compared to that for the corresponding period last year. However, an exchange gain was recorded during the period, as opposed to an exchange loss recorded for the corresponding period last year. This partly offset the impact of the decrease in gross profit mentioned above.

As to the fresh and live foodstuffs business, avian flu still had impact 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, the increase in the valuation of office units in Hong Kong slowed down in the first half of 2015 and net valuation gains on investment properties of HK\$500,000 (30 June 2014: HK\$22,930,000) were recorded by the Group.

For the associates, as a result of the increase in subsidy income from the government for the temporary storage and related processing of corn by Yellow Dragon Food Industry Co., Ltd., the profit for the period increased as compared to that for the corresponding period last year. On the other hand, after the price of live pigs decreased in the first quarter, it rebounded in the second quarter. This led to a decrease in the loss for the period of the two associates which are engaged in pig farming and sales of pigs, as compared to that for the corresponding period last year.

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

## BUSINESS REVIEW (Continued)

### Tinplating

Zhongshan Zhongyue Tinplate Industrial Co., Ltd. (“Zhongyue Tinplate”) is a wholly-owned subsidiary of the Company. The Company holds a 66% interest in a subsidiary, 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 Zhongyue Tinplate’s capacity, whereas 250,000 tonnes of tinplate products are from Zhongyue Posco’s capacity.

In the first half of 2015, the Group produced 170,853 tonnes of tinplate products, which represented a decrease of 13.0% as compared to that for the corresponding period last year. Among which, Zhongyue Tinplate and Zhongyue Posco produced 105,193 tonnes and 65,660 tonnes respectively. In addition, the blackplate manufacturing plant of Zhongyue Tinplate produced 64,829 tonnes of blackplates, a decrease of 2.7% as compared to that for 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 166,646 tonnes of tinplate products, a decrease of 15.4% as compared to that for the corresponding period last year, of which, Zhongyue Tinplate and Zhongyue Posco sold 99,314 tonnes and 67,332 tonnes respectively, a decrease of 10.7% and 21.6% respectively as compared to that for the corresponding period last year. The revenue for the period was HK\$1,206,792,000, a decrease of 23.7% as compared to the corresponding period last year and the segment profit was HK\$26,012,000, a decrease of HK\$7,702,000 or 22.8% as compared to that for the corresponding period last year. The revenue and segment profit of the tinplating business accounted for 88.0% and 37.2% of the Group’s revenue and profit from operations respectively.

With more new tinplating production lines operated by other companies in Mainland China commencing production in recent years and capturing market share by using selling prices lower than market rates, the excess of supply over demand in the iron and steel industry and intense competition placed significant pressure on the sales of tinplate products. As the selling price and sales volume of tinplate products of the Group decreased during the current period, gross profit for the period decreased as compared to that for the corresponding period last year. However, an exchange gain was recorded for the period, as opposed to an exchange loss recorded for the corresponding period last year. This partly offset the impact of the decrease in gross profit mentioned above. During the period, the Group negotiated with its suppliers more beneficial purchase prices for raw materials in order to mitigate the pressure on the Group regarding the decrease in the selling price of tinplate products. 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 significantly increased accordingly. Sales volume was also stabilised by capitalising on the favourable position in capital management, adopting selling prices more comparable to the market rate and adopting effective control in trade receivables’ management. The Group continued the implementation of the various measures of its human resources refining project by streamlining human resources, elevating efficiency and optimising performance management. It also established interdepartmental sales and marketing teams and promoted service transformation so as to enhance customer service. In addition, Zhongyue Tinplate upgraded its safety production standardisation level, which effectively protects the work safety of staff and improves production efficiency.

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

### **BUSINESS REVIEW** (Continued)

#### **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 is constructing 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 also acquired 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\$336 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. These coating and printing production lines commenced operation consecutively by the end of 2014, while it is expected that the new tinplating production line will commence operation in the second half of 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 is expected to be 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 a subsidiary, Guangnan Live Pigs Trading Limited, a 15.45% (31 December 2014: 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 February 2015, Hubei Jinxu issued new shares to a new investor. After the issuance, the Group's equity interest in Hubei Jinxu was diluted from 16.12% to 15.45%.

In the first half of 2015, the revenue of the fresh and live foodstuffs business amounted to HK\$154,285,000, representing an increase of 2.3% as compared to that for the corresponding period last year. Together with the share of losses of two associates, Hubei Jinxu and Guangdong Baojin, of HK\$5,331,000, the segment profit was HK\$39,289,000, representing an increase of HK\$4,794,000 or 13.9% as compared to that for the corresponding period last year. Avian flu still had impact 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, after the price of live pigs decreased in the first quarter, it rebounded in the second quarter. This led to a decrease in the loss for the period of the two associates which are engaged in pig farming and sales of pigs, as compared to that for the corresponding period last year. 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 as a result. 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.

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

## BUSINESS REVIEW (Continued)

### 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 2015, the revenue from the property leasing business of the Group was HK\$10,620,000, a decrease of 6.1% as compared to that for the corresponding period last year. The segment profit amounted to HK\$7,259,000, a decrease of 5.0% as compared to that for the corresponding period last year. In addition, the increase in the valuation of office units in Hong Kong slowed down in the first half of 2015 and net valuation gains on investment properties of HK\$500,000 (30 June 2014: HK\$22,930,000) were recorded by the Group.

### Yellow Dragon

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

In the first half of 2015, Yellow Dragon recorded a sales volume of 185,519 tonnes in its major product, corn starch, representing an increase of 2.2% as compared to that for the corresponding period last year. The revenue was HK\$963,263,000, an increase of 6.5% as compared to that for the corresponding period last year. As a result of the increase in subsidy income from the government for the temporary storage and related processing of corn, the profit for the period increased as compared to that for the corresponding period last year. Profit attributable to the shareholders was HK\$9,409,000 (30 June 2014: HK\$1,284,000).

## FINANCIAL POSITION

As at 30 June 2015, the Group's total assets and total liabilities amounted to HK\$3,659,497,000 and HK\$1,020,918,000, representing a decrease of HK\$19,307,000 and HK\$50,446,000 respectively when compared with the positions at the end of 2014. Net current assets decreased from HK\$1,460,331,000 at the end of 2014 to HK\$1,090,582,000. The current ratio (current assets divided by current liabilities) also decreased from 3.3 at the end of 2014 to 2.1.

### Liquidity and Financial Resources

As at 30 June 2015, the Group's cash and cash equivalents balance was HK\$1,232,492,000, representing an increase of 15.1% when compared with the position at the end of 2014, of which 88.7% was denominated in Renminbi, 3.1% was denominated in United States Dollars while the remaining balance was denominated in Hong Kong Dollars. Interest income also increased from HK\$13,370,000 for the corresponding period last year by 61.0% to HK\$21,521,000 for the current period.

As at 30 June 2015, the Group's borrowings comprised 1) unsecured bank borrowings of HK\$498,075,000 (31 December 2014: HK\$549,344,000); and 2) loans from a related company of HK\$79,560,000 (31 December 2014: HK\$79,560,000), of which 71.3% was denominated in United States Dollars while the remaining balance was denominated in Hong Kong Dollars. 69.2%(31 December 2014: 63.6%) of the Group's borrowings was guaranteed by the Company. As at 30 June 2015, all of the Group's borrowings were repayable within 1 year, while as at 31 December 2014, 36.4% 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 0.83% to 1.69% (31 December 2014: 1.25% to 1.67%) per annum. 83.0% (31 December 2014: 76.3%) of the Group's borrowings bear interest at floating rates.



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

### FINANCIAL POSITION (Continued)

#### Liquidity and Financial Resources (Continued)

As at 30 June 2015, 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 -26.8% (31 December 2014: -18.3%).

As at 30 June 2015, the Group's available banking facilities amounted to HK\$739,923,000, of which HK\$527,912,000 was utilised and HK\$212,011,000 was unutilised. 54.1% of the Group's banking facilities was guaranteed by the Company. Currently, the Group's cash reserves and available banking facilities, as well as its steady cash flow from operations, are sufficient to meet its debt obligations and business operations.

#### Capital Expenditure and Capital Commitments

The Group's capital expenditure in the first half of 2015 amounted to HK\$34,792,000 (30 June 2014: HK\$42,366,000). Capital commitments outstanding at 30 June 2015 not provided for in the financial statements amounted to HK\$122,244,000 (31 December 2014: HK\$183,540,000), mainly for the construction of a new tinplating production line in Zhongshan. It is expected that the capital expenditure for the year 2015 will be approximately HK\$110 million.

#### Acquisitions and Disposals of Investments

In February 2015, Hubei Jinxu issued new shares to a new investor. After the issuance, the Group's equity interest in Hubei Jinxu was diluted from 16.12% to 15.45%, which resulted in a gain on deemed disposal of interest in an associate of HK\$1,314,000.

Except for the abovementioned matter, the Group had no material acquisitions and disposals of investments during the first half of 2015.

#### Pledge of Assets

As at 30 June 2015, the Group's interest in Guangdong Baojin was pledged to the major shareholder of Guangdong Baojin as a security for a loan and the related interest due to this shareholder by Guangdong Baojin which amounted to HK\$12,122,000 (31 December 2014: HK\$11,800,000). In addition, the Group's cash and cash equivalents included a total amount of HK\$6,244,000 which was restricted for use and pledged to a bank as a security for a banking facility. Other than the above, none of the assets of the Group was pledged.

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

## FINANCIAL POSITION (Continued)

### Litigation

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\$2,607,000) and a penalty of approximately RMB4,962,000 (equivalent to HK\$6,278,000) for non-payment (collectively referred to as the "Claim"). According to the judgement made by the Court of Zhongshan City in May 2014, the subsidiary is required to repay the Claim. The subsidiary submitted an appeal in June 2014 to the High Court of Guangdong Province. According to the judgement of the High Court of Guangdong Province issued in April 2015, the appeal was repudiated and the subsidiary was ordered to repay the Claim and respective court charges of approximately RMB61,000 (equivalent to HK\$77,000). Accordingly, a full provision was made during the current period, and the Claim and the respective court charges were fully paid in July 2015.

### Contingent Liability

As at 30 June 2015, the Group had no material contingent liability.

### 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 2015, forward foreign exchange contracts of RMB37,475,000 (equivalent to HK\$47,522,000) against the United States Dollar were entered into by the Group to hedge against currency risks in respect of export sales. As at 31 December 2014, forward foreign exchange contracts equivalent to HK\$196,591,000 in total were entered into by the Group.

The Group's interest rate risk arises primarily from interest-bearing borrowings, cash and cash equivalents and loans to an associate. Borrowings, deposits and lendings calculated at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. As the Group considered the interest rate risk faced was not material, thus no hedging was made. Management closely monitors the changes in market interest rates.

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

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2015, the Group had a total of 1,149 full-time employees, a decrease of 48 from the end of 2014. 192 of the employees were based in Hong Kong and 957 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 2015, 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 economy in Mainland China is facing downward pressure. Besides, capital markets are volatile. All these uncertainties will have pressure on the sales of tinplate products and there will be certain challenges in the operating environment in future. On the other hand, the exchange rate of Renminbi against the United States Dollars fluctuated widely in recent months and it is expected to continue to be volatile in the coming months, which may have a significant 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, which is expected to commence operation in the second half of 2015, in order to improve the standard of production equipment and product quality and to strengthen our core competitiveness. Moreover, the new coating and printing production lines commenced operation consecutively at the end of 2014, so as to enrich varieties in product categories and enhance value-added. 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. Through enhancing our supply chain management, we will continue to explore new and stable sources of supply for live pigs, ensure market supply and increase revenue. 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



## 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 statement of financial position of Guangnan (Holdings) Limited as of 30 June 2015 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 2015 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

26 August 2015

# Consolidated Income Statement

for the six months ended 30 June 2015 – unaudited  
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2015 \$'000	2014 \$'000
<b>Revenue</b>	3	<b>1,371,697</b>	1,744,657
Cost of sales		<b>(1,231,769)</b>	(1,570,856)
<b>Gross profit</b>		<b>139,928</b>	173,801
Other revenue	4	<b>23,723</b>	15,333
Other net income/(loss)	4	<b>6,457</b>	(14,486)
Distribution costs		<b>(37,599)</b>	(41,310)
Administrative expenses		<b>(53,392)</b>	(55,058)
Other operating expenses		<b>(9,106)</b>	(233)
<b>Profit from operations</b>		<b>70,011</b>	78,047
Net valuation gains on investment properties	8(b)	<b>500</b>	22,930
Finance costs	5(a)	<b>(5,169)</b>	(4,310)
Share of profits less losses of associates		<b>(1,566)</b>	(7,804)
<b>Profit before taxation</b>	5	<b>63,776</b>	88,863
Income tax	6	<b>(8,450)</b>	(17,109)
<b>Profit for the period</b>		<b>55,326</b>	71,754
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>54,015</b>	66,563
Non-controlling interests		<b>1,311</b>	5,191
<b>Profit for the period</b>		<b>55,326</b>	71,754
<b>Earnings per share</b>			
Basic	7(a)	<b>6.0 cents</b>	7.3 cents
Diluted	7(b)	<b>6.0 cents</b>	7.3 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 2015 – unaudited  
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2015 \$'000	2014 \$'000
<b>Profit for the period</b>	<b>55,326</b>	71,754
<b>Other comprehensive income for the period (after taxation):</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of subsidiaries and associates outside Hong Kong	<b>722</b>	(17,167)
<b>Total comprehensive income for the period</b>	<b>56,048</b>	54,587
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>54,682</b>	50,925
Non-controlling interests	<b>1,366</b>	3,662
<b>Total comprehensive income for the period</b>	<b>56,048</b>	54,587

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

# Consolidated Statement of Financial Position

at 30 June 2015

(Expressed in Hong Kong dollars)

	Note	At 30 June 2015 Unaudited \$'000	At 31 December 2014 Audited \$'000
<b>Non-current assets</b>			
Investment properties	8	383,044	382,478
Other property, plant and equipment	8	736,201	752,059
Interests in leasehold land held for own use under operating leases		124,376	126,308
		<b>1,243,621</b>	1,260,845
Interest in associates		288,581	288,715
Deposits and prepayments	10	56,280	41,019
Deferred tax assets		3,035	1,831
		<b>1,591,517</b>	1,592,410
<b>Current assets</b>			
Inventories	9	376,317	419,301
Trade and other receivables, deposits and prepayments	10	454,800	592,037
Current tax recoverable		4,371	4,258
Cash and cash equivalents	11	1,232,492	1,070,798
		<b>2,067,980</b>	2,086,394
<b>Current liabilities</b>			
Trade and other payables	12	358,106	357,889
Bank loans	13(a)	498,075	149,344
Loans from a related company	13(b)	79,560	79,560
Current tax payable		41,657	39,270
		<b>977,398</b>	626,063
<b>Net current assets</b>		<b>1,090,582</b>	1,460,331
<b>Total assets less current liabilities</b>		<b>2,682,099</b>	3,052,741

## Consolidated Statement of Financial Position (Continued)

at 30 June 2015

(Expressed in Hong Kong dollars)

	<i>Note</i>	At 30 June 2015 Unaudited \$'000	At 31 December 2014 Audited \$'000
<b>Non-current liabilities</b>			
Bank loans	13(a)	–	400,000
Deferred tax liabilities		<b>43,520</b>	45,301
		<b>43,520</b>	445,301
<b>NET ASSETS</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	14(b)	<b>459,651</b>	459,066
Reserves		<b>1,983,016</b>	1,951,182
<b>Total equity attributable to equity shareholders of the Company</b>		<b>2,442,667</b>	2,410,248
<b>Non-controlling interests</b>		<b>195,912</b>	197,192
<b>TOTAL EQUITY</b>		<b>2,638,579</b>	2,607,440

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 2015 – unaudited  
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company										
	Note	Share capital \$'000	Share premium \$'000	Capital reserve -share options \$'000	Exchange reserve \$'000	Special capital reserve \$'000	Other reserves \$'000	Retained profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance at 1 January 2015</b>		459,066	-	2,173	349,826	107,440	65,505	1,426,238	2,410,248	197,192	2,607,440
<b>Changes in equity for the six months ended 30 June 2015:</b>											
Profit for the period		-	-	-	-	-	-	54,015	54,015	1,311	55,326
Other comprehensive income		-	-	-	667	-	-	-	667	55	722
<b>Total comprehensive income</b>		-	-	-	667	-	-	54,015	54,682	1,366	56,048
Transfer to statutory reserves		-	-	-	-	-	1,667	(1,667)	-	-	-
Exercise of share options		585	-	(87)	-	-	-	-	498	-	498
Share-based payment expenses for the period		-	-	(71)	-	-	-	-	(71)	-	(71)
Share options lapsed during the period		-	-	(582)	-	-	-	582	-	-	-
Dividends declared to minority shareholders		-	-	-	-	-	-	-	-	(2,646)	(2,646)
Dividends approved in respect of the previous year	14(a)	-	-	-	-	-	-	(22,690)	(22,690)	-	(22,690)
<b>Balance at 30 June 2015</b>		459,651	-	1,433	350,493	107,440	67,172	1,456,478	2,442,667	195,912	2,638,579

## Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2015 – unaudited  
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company										
	Note	Share capital \$'000	Share premium \$'000	Capital reserve -share options \$'000	Exchange reserve \$'000	Special capital reserve \$'000	Other reserves \$'000	Retained profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance at 1 January 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 2015 – unaudited  
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company										
	Note	Share capital \$'000	Share premium \$'000	Capital reserve -share options \$'000	Exchange reserve \$'000	Special capital reserve \$'000	Other reserves \$'000	Retained profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance at 1 July 2014</b>		459,066	-	2,903	339,643	107,440	65,510	1,366,047	2,340,609	195,759	2,536,368
<b>Changes in equity for the six months ended 31 December 2014:</b>											
Profit for the period		-	-	-	-	-	-	78,332	78,332	2,890	81,222
Other comprehensive income		-	-	-	10,183	-	-	-	10,183	990	11,173
<b>Total comprehensive income</b>		-	-	-	10,183	-	-	78,332	88,515	3,880	92,395
Transfer from statutory reserves		-	-	-	-	-	(5)	5	-	-	-
Share-based payment expenses for the period		-	-	(730)	-	-	-	-	(730)	-	(730)
Dividends declared to minority shareholders		-	-	-	-	-	-	-	-	(2,447)	(2,447)
Dividends approved in respect of the current year	14(a)	-	-	-	-	-	-	(18,146)	(18,146)	-	(18,146)
<b>Balance at 31 December 2014</b>		459,066	-	2,173	349,826	107,440	65,505	1,426,238	2,410,248	197,192	2,607,440

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 2015 – unaudited  
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2015 \$'000	2014 \$'000
<b>Operating activities</b>			
Cash generated from operations		515,245	281,030
Tax paid		(9,176)	(7,180)
<b>Net cash generated from operating activities</b>		<b>506,069</b>	273,850
<b>Investing activities</b>			
Payment for the purchase of property, plant and equipment		(49,769)	(57,453)
Loans advanced to an associate, net		(7,689)	–
Other cash flows arising from investing activities		–	205
<b>Net cash used in investing activities</b>		<b>(57,458)</b>	(57,248)
<b>Financing activities</b>			
Dividends paid to equity shareholders of the Company		(22,690)	(18,146)
Proceeds from bank loans		25,239	428,080
Repayment of bank loans		(290,111)	(259,691)
Other cash flows arising from financing activities		318	–
<b>Net cash (used in)/generated from financing activities</b>		<b>(287,244)</b>	150,243
<b>Increase in cash and cash equivalents</b>		<b>161,367</b>	366,845
Cash and cash equivalents at 1 January	11	1,070,798	668,972
Effect of foreign exchange rates changes		327	(4,415)
<b>Cash and cash equivalents at 30 June</b>	11	<b>1,232,492</b>	1,031,402

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

# Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise stated)

## 1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 26 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any 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 2014 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 auditor, 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 2014 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap. 32)).

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

(Expressed in Hong Kong dollars unless otherwise stated)

### 2. CHANGES IN ACCOUNTING POLICIES

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

- *Annual Improvements to HKFRSs 2010–2012 Cycle*
- *Annual Improvements to HKFRSs 2011–2013 Cycle*

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. REVENUE 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 food processing manufacturers.
- Fresh and live foodstuffs : this segment distributes, purchases and sells fresh and live foodstuffs.
- Property leasing : this segment leases office and industrial premises to generate rental income.

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

(Expressed in Hong Kong dollars unless otherwise stated)

### 3. REVENUE 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	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>For the six months ended 30 June</b>								
Reportable segment revenue	1,206,792	1,582,572	154,285	150,775	10,620	11,310	1,371,697	1,744,657
Reportable segment profit	26,012	33,714	39,289	34,495	7,259	7,641	72,560	75,850
<b>As at 30 June/31 December</b>								
Reportable segment assets (including interest in associates)	2,793,925	2,828,218	253,814	247,121	383,492	383,125	3,431,231	3,458,464
Reportable segment liabilities	946,791	997,476	23,112	23,182	41,736	41,277	1,011,639	1,061,935

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

	Six months ended 30 June	
	2015	2014
	\$'000	\$'000
<b>Profit</b>		
Reportable segment profit derived from the Group's external customers and associates	72,560	75,850
Unallocated head office and corporate income and expenses	(7,880)	(6,121)
Net valuation gains on investment properties	500	22,930
Finance costs	(5,169)	(4,310)
Share of profit of an associate not attributable to any segment	3,765	514
Consolidated profit before taxation	63,776	88,863

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

(Expressed in Hong Kong dollars unless otherwise stated)

### 3. REVENUE AND SEGMENT REPORTING (Continued)

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

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
<b>Assets</b>		
Reportable segment assets	3,431,231	3,458,464
Interest in an associate not attributable to any segment	222,574	218,715
Unallocated head office and corporate assets	5,692	1,625
Consolidated total assets	3,659,497	3,678,804
<b>Liabilities</b>		
Reportable segment liabilities	1,011,639	1,061,935
Unallocated head office and corporate liabilities	9,279	9,429
Consolidated total liabilities	1,020,918	1,071,364

### 4. OTHER REVENUE AND NET INCOME/(LOSS)

	Six months ended 30 June	
	2015 \$'000	2014 \$'000
<b>Other revenue</b>		
Interest income	21,521	13,370
Subsidies received	875	407
Others	1,327	1,556
	23,723	15,333
<b>Other net income/(loss)</b>		
Net realised and unrealised exchange gain/(loss)	1,857	(7,901)
Net gains/(losses) on forward foreign exchange contracts	3,288	(5,106)
Others	1,312	(1,479)
	6,457	(14,486)



## 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	
	2015 \$'000	2014 \$'000
<b>(a) Finance costs</b>		
Interest on bank advances and other borrowings	4,465	3,615
Interest on loans from a related company	704	695
	<b>5,169</b>	4,310
<b>(b) Staff costs</b>		
Net contributions to defined contribution retirement plans	6,438	5,639
Equity-settled share-based payment expenses	(71)	166
Salaries, wages and other benefits	76,486	75,932
	<b>82,853</b>	81,737
<b>(c) Other items</b>		
Amortisation of land lease premium	1,977	1,874
Depreciation	50,584	45,619
Operating lease charges in respect of property rentals	3,989	3,925
Rentals receivable from investment properties less direct outgoings of \$564,000 (30 June 2014: \$831,000)	<b>(10,056)</b>	(10,479)

## 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	
		2015 \$'000	2014 \$'000
<b>Current tax — Hong Kong</b>			
Provision for the period		5,481	5,611
Over-provision in respect of prior years		(1,268)	–
		4,213	5,611
<b>Current tax — the People's Republic of China (the "PRC")</b>			
Provision for the period		7,470	9,677
(Over)/under-provision in respect of prior years		(238)	2,361
		7,232	12,038
<b>Deferred tax</b>			
Origination and reversal of temporary differences		(2,995)	(540)
	(i)	8,450	17,109

Notes:

- (i) The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2014: 16.5%) to the six months ended 30 June 2015. 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.

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

(Expressed in Hong Kong dollars unless otherwise stated)

### 7. EARNINGS PER SHARE

#### (a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2015 is based on the profit attributable to ordinary equity shareholders of the Company of \$54,015,000 (30 June 2014: \$66,563,000) and the weighted average number of 907,340,000 (30 June 2014: 907,293,000) ordinary shares in issue during the period, calculated as follows:

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

	Six months ended 30 June	
	2015 '000	2014 '000
Issued ordinary shares at 1 January	907,293	907,293
Effect of share options exercised ( <i>note 14(c)</i> )	47	–
Weighted average number of ordinary shares at 30 June	907,340	907,293

#### (b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2015 is based on the profit attributable to ordinary equity shareholders of the Company of \$54,015,000 (30 June 2014: \$66,563,000) and the weighted average number of ordinary shares (diluted) of 907,340,000 (30 June 2014: 907,293,000).

### 8. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

#### (a) Acquisitions and transfers

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment with a cost of \$34,792,000 (30 June 2014: \$42,366,000). Also, the Group transferred construction in progress with a carrying amount of \$24,152,000 (30 June 2014: \$49,786,000) to other property, plant and equipment upon completion.

#### (b) Investment properties

The valuations of investment properties carried at fair value were updated at 30 June 2015 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 2014 valuations. As a result of the update, a net gain of \$500,000 (30 June 2014: \$22,930,000) has been recognised in profit or loss for the period.

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

(Expressed in Hong Kong dollars unless otherwise stated)

### 9. INVENTORIES

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Raw materials, spare parts and consumables	161,379	186,455
Work in progress	18,927	21,370
Finished goods	196,011	211,476
	<b>376,317</b>	419,301

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 \$9,534,000 during the period (30 June 2014: \$10,871,000).

### 10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Trade debtors	217,937	212,047
Bills receivable	103,454	257,285
Other receivables, deposits and prepayments	136,482	152,683
Amounts due from a related company ( <i>note (i)</i> )	38,183	3,907
Loans to an associate ( <i>note (ii)</i> )	14,823	7,134
Derivative financial instruments ( <i>note 15</i> )	201	-
	<b>511,080</b>	633,056
Less: Deposits and prepayments (non-current portion) ( <i>note (iii)</i> )	<b>(56,280)</b>	(41,019)
Trade and other receivables, deposits and prepayment (current portion)	<b>454,800</b>	592,037

Notes:

- (i) The amounts represent trade balances due from a company related to the minority shareholder of a non-wholly owned subsidiary.
- (ii) The loans to an associate are unsecured, interest-bearing at rates ranging from 6.0% to 6.4% (31 December 2014: 6.0%) per annum and repayable within one year.
- (iii) The deposits and prepayments (non-current portion) represent deposits mainly for acquisition of equipment in relation to a new tinplating production line and coating and printing production line.

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

(Expressed in Hong Kong dollars unless otherwise stated)

### 10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(Continued)

As of the end of the reporting period, 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:

	<b>At 30 June 2015 \$'000</b>	At 31 December 2014 \$'000
Within 1 month	<b>290,648</b>	439,649
1 to 3 months	<b>65,939</b>	32,218
Over 3 months	<b>2,987</b>	1,372
	<b>359,574</b>	473,239

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 2015 and 2014.

In respect of trade and bills receivables relating to the tinplating business, deposits, prepayments and 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.

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

(Expressed in Hong Kong dollars unless otherwise stated)

### 11. CASH AND CASH EQUIVALENTS

(a)	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Deposits with banks	34,160	–
Cash at bank and in hand	1,198,332	1,070,798
Cash and cash equivalents in the consolidated statement of financial position and condensed consolidated cash flow statement	1,232,492	1,070,798

#### (b) Major non-cash transactions

During the period, the proceeds from bank loans of \$213,545,000 (30 June 2014: \$164,333,000) were directly remitted to a related company to settle the trade balances due to the related company. Hence, these proceeds from bank loans had no cash flow impact to the Group.

### 12. TRADE AND OTHER PAYABLES

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Trade creditors	61,378	42,598
Bills payable	20,812	–
Other payables and accrued charges	126,120	124,791
Amounts due to a related company ( <i>note (i)</i> )	123,212	163,234
Amounts due to associates ( <i>note (ii)</i> )	858	1,504
Amounts due to fellow subsidiaries ( <i>note (iii)</i> )	23,260	23,260
Dividend payable to minority shareholders	2,466	–
Derivative financial instruments ( <i>note 15</i> )	–	2,502
	358,106	357,889

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

(Expressed in Hong Kong dollars unless otherwise stated)

### 12. TRADE AND OTHER PAYABLES (Continued)

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 amounts due to fellow subsidiaries are unsecured, interest-free and have 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 \$1,692,000 (31 December 2014: \$347,000), which is expected to be settled or recognised as income after more than one year.

As of the end of the reporting period, the ageing analysis of trade creditors, bills payable and trade balances due to a related company and associates (which are included in trade and other payables) is as follows:

	<b>At 30 June 2015 \$'000</b>	At 31 December 2014 \$'000
Due within 1 month or on demand	<b>64,558</b>	44,140
Due after 1 month but within 3 months	<b>141,702</b>	163,196
	<b>206,260</b>	207,336

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

(Expressed in Hong Kong dollars unless otherwise stated)

### 13. BORROWINGS

#### (a) Bank loans

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Unsecured (note)	498,075	549,344

The bank loans were repayable as follows:

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Within 1 year or on demand	498,075	149,344
After 1 year but within 2 years	–	400,000
	498,075	549,344

Note: Included in unsecured bank loans is a loan of \$400,000,000 (31 December 2014: \$400,000,000) 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 statement of financial position 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 2015 and 31 December 2014, 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)

### 13. BORROWINGS (Continued)

#### (b) Loans from a related company

	At 30 June 2015 \$'000	At 31 December 2014 \$'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 2014: 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	
	2015 \$'000	2014 \$'000
Interim dividend declared and payable/paid after the interim period of 2.0 cents (30 June 2014: 2.0 cents) per ordinary share	18,152	18,146

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

*(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	
	2015 \$'000	2014 \$'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of 2.5 cents (30 June 2014: 2.0 cents) per ordinary share	22,690	18,146

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

(Expressed in Hong Kong dollars unless otherwise stated)

### 14. CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (b) Share capital

	At 30 June 2015		At 31 December 2014	
	No. of shares '000	\$'000	No. of shares '000	\$'000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	907,293	459,066	907,293	453,647
Transition to the no-par value regime on 3 March 2014 (note)	–	–	–	5,419
Exercise of share options	300	585	–	–
At 30 June/31 December	907,593	459,651	907,293	459,066

Note: The transition to the no-par value regime under the Companies Ordinance (Cap. 622) occurred automatically on 3 March 2014. On that date, the share premium account was subsumed into share capital in accordance with section 37 of Schedule 11 to the Companies Ordinance. These changes did not impact on the number of shares in issue or the relative entitlement of any of the shareholders. Since that date, all changes in share capital have been in accordance with the requirements of Parts 4 and 5 of the Companies Ordinance.

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

During the six months ended 30 June 2015, 300,000 share options were exercised to subscribe for 300,000 ordinary shares in the Company at a consideration of \$498,000. \$87,000 was transferred from capital reserve – share options to the share capital account.

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

In addition, during the six months ended 30 June 2015, 2,372,000 share options lapsed and there was no expiry of share options. During the six months ended 30 June 2014, there was no lapse or expiry of share options.

3,962,000 share options (31 December 2014: 6,634,000 share options) were outstanding at 30 June 2015 and the weighted average exercise price is \$1.57 (31 December 2014: \$1.59).

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

(Expressed in Hong Kong dollars unless otherwise stated)

### 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 end of the reporting period 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.

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 results when the valuations are performed at each interim and annual reporting date.

	Fair value at 30 June 2015 \$'000	Fair value measurements as at 30 June 2015 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> )	201	–	201	–
	Fair value at 31 December 2014 \$'000	Fair value measurements as at 31 December 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> )	(2,502)	–	(2,502)	–

## 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)*

During the six months ended 30 June 2015 and 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. 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 foreign exchange contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

#### (b) Fair values of financial instruments 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 2015 and 31 December 2014.

### 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 2015 was \$6,438,000 (30 June 2014: \$5,639,000). No forfeited contributions were refunded for either period.

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

(Expressed in Hong Kong dollars unless otherwise stated)

### 17.COMMITMENTS

- (a) Capital commitments outstanding at 30 June 2015 not provided for in the interim financial report were as follows:

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Contracted for	57,354	106,602
Authorised but not contracted for	64,890	76,938
	<b>122,244</b>	183,540

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 construction of supplementary coating and printing production lines. It is estimated that the total investment costs of these production lines will amount to approximately RMB265 million (equivalent to approximately \$336 million).

- (b) At 30 June 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Within 1 year	3,468	3,659
After 1 year but within 5 years	2,028	2,955
	<b>5,496</b>	6,614

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 2015, the Group had committed to provide additional capital of \$6,489,000 (31 December 2014: \$6,489,000) to an associate of the Group.

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

(Expressed in Hong Kong dollars unless otherwise stated)

### 18. MATERIAL RELATED PARTY TRANSACTIONS

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

#### (a) Transactions with related parties

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

	Note	Six months ended 30 June	
		2015 \$'000	2014 \$'000
Sales of goods to related companies	(i)	353,588	457,228
Commission paid/payable to a related company	(i), (ii)	5,087	6,677
Commission received/receivable from associates	(iii)	9,106	6,642
Purchases of goods from associates	(iv)	3,191	2,525
Purchases of goods from related companies including transport services fee paid/payable	(i)	385,123	645,476

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 at 30 June/31 December are included in amounts due from/to the respective parties in the consolidated statement of financial position. Except for the trade balances with related parties as disclosed in notes 10 and 12 which are settled in accordance with normal trade terms, the loans to an associate as disclosed in note 10 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.

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

(Expressed in Hong Kong dollars unless otherwise stated)

### 18. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

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

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

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

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

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

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

(Expressed in Hong Kong dollars unless otherwise stated)

### 18. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (c) Key management personnel remuneration

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

	Six months ended 30 June	
	2015 \$'000	2014 \$'000
Short-term employee benefits	2,670	2,201
Post-employment benefits	434	424
Equity compensation benefits	(106)	121
	<b>2,998</b>	2,746

### 19. LITIGATION

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 \$2,607,000) and a penalty of approximately RMB4,962,000 (equivalent to \$6,278,000) for non-payment (collectively referred to as the "Claim"). According to the judgement made by the Court of Zhongshan City in May 2014, the subsidiary is required to repay the Claim. The subsidiary submitted an appeal in June 2014 to the High Court of Guangdong Province. According to the judgement of the High Court of Guangdong Province issued in April 2015, the appeal was repudiated and the subsidiary was ordered to repay the Claim and respective court charges of approximately RMB61,000 (equivalent to \$77,000). Accordingly, a full provision was made during the current period and recognised in profit or loss as other operating expenses. As at 30 June 2015, the provision was included in other payables and accrued charges disclosed in note 12 and the Claim and the respective court charges were fully paid in July 2015.

### 20. PLEDGE OF ASSETS

- (a) As at 30 June 2015, the Group's interest in Guangdong Zijin Baojin Livestock Co., Ltd. ("Guangdong Baojin") was pledged to the major shareholder of Guangdong Baojin ("the Shareholder") as a security for a loan and the related interest due to the Shareholder by Guangdong Baojin which amounted to \$12,122,000 (31 December 2014: \$11,800,000).
- (b) As at 30 June 2015, the Group's cash and cash equivalents included a total amount of RMB4,924,000 (equivalent to \$6,244,000) which was restricted for use and pledged as a security for a banking facility.

### 21. SUBSEQUENT EVENTS

After the end of the reporting period, the directors proposed an interim dividend. Further details are disclosed in note 14(a).



# Supplementary Information

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2015, the interests and short positions of the Directors and 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) entered 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
				<i>(Note)</i>
Tan Yunbiao	Personal	240,000	Long position	0.026%
Gerard Joseph McMahon	Personal	200,000	Long position	0.022%
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 907,593,285 ordinary shares of the Company in issue as at 30 June 2015.*

## Supplementary Information (Continued)

## 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 2015	Total consideration paid for share options granted	Exercise period of share options (both days inclusive) <sup>##</sup>	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**
		At 1 January 2015	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	-
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 30 June 2015	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**
		At date of grant	At 1 January 2015	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	420,000	-	-	420,000	-	1.45	1.44	-
Li Li	05.07.2010	1,090,000	218,000	-	-	218,000	-	1.45	1.44	-
Sung Hem Kuen	05.07.2010	1,860,000	372,000	-	-	372,000	-	1.45	1.44	-

## Supplementary Information (Continued)

### 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) 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 of the Company or all other participants as an aggregate whole.

## Supplementary Information (Continued)

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

(Continued)

#### 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
				<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 6,255,048,341 ordinary shares of Guangdong Investment Limited in issue as at 30 June 2015.*

#### Interests and short positions in Guangdong Land 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
				<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 2015.*

Save as disclosed above, as at 30 June 2015, 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) entered 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.

## Supplementary Information (Continued)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2015, 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 entered 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>
廣東粵海控股集團有限公司 (formerly known as 廣東粵海控股有限公司) (Guangdong Holdings Limited) ("Guangdong Holdings") <i>(Note 2)</i>	537,198,868	Long position	59.19%
GDH Limited ("GDH")	537,198,868	Long position	59.19%

Notes:

1. The approximate percentage of interests held was calculated on the basis of 907,593,285 ordinary shares of the Company in issue as at 30 June 2015.
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 2015, 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 entered in the register kept by the Company under Section 336 of the SFO.

## Supplementary Information (Continued)

### 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, 2,000,000 share options were lapsed, 300,000 share options were exercised and no share options were cancelled under the 2004 Share Option Scheme.

During the period, 372,000 share options were lapsed, no share options were exercised nor cancelled, and no share options were granted under the 2008 Share Option Scheme.

As at 30 June 2015, share options were outstanding entitling the holders to subscribe for 2,200,000 shares of the Company under the 2004 Share Option Scheme, and to subscribe for 1,762,000 shares of the Company under the 2008 Share Option Scheme.

As at 30 June 2015, 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 the Company.

## Supplementary Information (Continued)

## 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				Cancelled/ Lapsed during the period	At 30 June 2015	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 2015	Granted during the period	Exercised during the period								
Employees	09.03.2006	300,000	-	300,000	-	-	1	09.06.2006 to 08.03.2016	1.66	1.61	1.95	
Other participants	09.03.2006	2,000,000	-	-	2,000,000	-	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				Cancelled/ Lapsed during the period	At 30 June 2015	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 2015	Granted during the period	Exercised during the period						
Employees	05.07.2010	3,760,000	752,000	-	-	-	752,000	-	1.45	1.44	-
Other participants	05.07.2010	1,860,000	372,000	-	-	372,000	-	-	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 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 42.

## Supplementary Information (Continued)

### 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 2015 except for the following:

Under the CG Code, there should be a clear division of responsibilities for the roles of chairman and chief executive officer and these two roles should be performed by two persons (the Company regards that the term “chief executive officer” has the same meaning as the General Manager of the Company). On 26 March 2015, Mr. Luo Jianhua resigned as an Executive Director and the General Manager of the Company. Mr. Tan Yunbiao, the Chairman of the Company, took up also the duties of the General Manager temporarily. The Company is in the process of identifying a suitable candidate with appropriate experience as its General Manager and will issue an announcement with regard to the appointment of the new General Manager of the Company once it has been decided.

#### 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 2015.

#### 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 2015. In addition, the Company’s external auditor, KPMG, has also reviewed the aforesaid unaudited interim financial report.

#### Changes in Directors’ Information

Commencing 1 January 2015, the remuneration which includes basic salaries, allowances and other benefits for Messrs. Tan Yunbiao, Li Li and Sung Hem Kuen, amounts to approximately HK\$815,000, HK\$793,000 and HK\$1,259,000 per annum respectively.

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



## Supplementary Information (Continued)

### **CORPORATE GOVERNANCE AND OTHER INFORMATION** (Continued)

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

During the six months ended 30 June 2015, 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 under the Facility Agreement and all accrued interest thereunder.

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 for 2015 of HK2.0 cents per share (2014: HK2.0 cents per share). The interim dividend will be paid on Monday, 26 October 2015 to the shareholders whose names appear on the register of members of the Company on Wednesday, 7 October 2015.

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

The register of members of the Company will be closed on Tuesday, 6 October 2015 and Wednesday, 7 October 2015. 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 Monday, 5 October 2015.

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

Hong Kong, 26 August 2015



廣南(集團)有限公司

GUANGNAN (HOLDINGS) LIMITED