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

(Incorporated in Hong Kong with limited liability)

(Stock code: 1203)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

Unaudited financial highlights for the six months ended 30 June

	2016	2015	
	HK$'000	HK$'000	Change
Revenue	**1,127,125**	1,371,697	-17.8%
Profit from operations	**26,136**	70,011	-62.7%
Profit attributable to shareholders	**36,061**	54,015	-33.2%
Earnings per share – Basic	**HK 4.0 cents**	HK 6.0 cents	-33.3%
Interim dividend per share	**HK 1.0 cent**	HK 2.0 cents	-50.0%

BUSINESS REVIEW, MANAGEMENT DISCUSSION AND ANALYSIS, PROSPECTS AND OTHER INFORMATION

RESULTS

For the first half of 2016, the unaudited consolidated profit attributable to shareholders was HK$36,061,000, representing a decrease of 33.2% compared with HK$54,015,000 for the corresponding period last year. Basic earnings per share was HK4.0 cents, a decrease of 33.3% from HK6.0 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 2016 of HK1.0 cent per share (2015: HK2.0 cents per share).

BUSINESS REVIEW

In the first half of 2016, mainly due to the impact of unfavourable tinplating business, the Group's consolidated revenue was HK$1,127,125,000, representing a decrease of HK$244,572,000 or 17.8% from HK$1,371,697,000 for the corresponding period last year. Profit from operations was HK$26,136,000, representing a decrease of HK$43,875,000 or 62.7% from HK$70,011,000 for the corresponding period last year.

In respect of our tinplating business, with the impact of slow recovery of the global economy and the downward pressure of the China economy, the overall imbalance between supply and demand in the iron and steel industry still existed, placing significant pressure on the sales of tinplate products. Leveraging on the strengths of its product mix marketing and team marketing, the Group enhanced customer service and maintained its market share. In the first half of 2016, sales volume of tinplate products increased by 6,949 tonnes, representing an increase of 4.2% as compared to that for the corresponding period last year. However, due to the decrease in selling price during the period, the revenue of the tinplating business decreased by HK$304,799,000 or 25.3% from HK$1,206,792,000 for the corresponding period last year to HK$901,993,000 for the period. The segment loss was HK$25,976,000, a decrease of HK$51,988,000 from the segment profit of HK$26,012,000 for the corresponding period last year.

As to the fresh and live foodstuffs business, avian flu still had an impact on our distribution and sales of live poultry business in the first half of 2016, only few live poultry were imported into Hong Kong. For the live pigs business, with the tightening supply of live pigs from the mainland China, the price of live pigs increased significantly as compared to that for the corresponding period last year. The Group's operation team seized the premium quality sources of goods and maintained the Group's overall market share in the live pigs supply into Hong Kong at about 45%. The commission revenue from the distribution of livestock business increased, resulting in an increase in the segment profit of the fresh and live foodstuffs business of HK$22,570,000 from that for the corresponding period last year.

In respect of the property leasing business, the rental income for the first half of 2016 decreased by HK$219,000 from that for the corresponding period last year. The decrease in operating expenses led to an increase of HK$467,000 in the segment profit from that for the corresponding period last year. The value of properties held by the Group remained stable and net valuation gains on investment properties of HK$100,000 (30 June 2015: HK$500,000) were recorded for the period.

BUSINESS REVIEW (Continued)

For the associates, as a result of government grants income, Yellow Dragon Food Industry Co., Ltd. recorded net profit of HK$1,231,000 for the first half of 2016, the operation was still challenging. On the other hand, the continuous increase in the price of live pigs in the first half of 2016 resulted in profit for the period for the two associates, which are engaged in pig farming and sales of pigs, contributing the share of profits from these two associates of HK$10,925,000 to the Group.

Tinplating

Zhongshan Zhongyue Tinplate Industrial Co., Ltd. ("Zhongyue Tinplate") is a wholly-owned subsidiary of the Company. The Company holds a 66% interest in 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 550,000 tonnes and 140,000 tonnes respectively, of which 350,000 tonnes of tinplate products and 140,000 tonnes of blackplates are from Zhongyue Tinplate's capacity, whereas 200,000 tonnes of tinplate products are from Zhongyue Posco's capacity.

The revenue of the tinplating business accounted for 80.0% of the Group's revenue. Due to the impact of the imbalance between supply and demand in the iron and steel industry, the performance of the tinplating business of the Group in the first half of 2016 was unsatisfactory. In the first half of 2016, the Group produced 162,419 tonnes of tinplate products, which represented a decrease of 4.9% as compared to that for the corresponding period last year. Among which, Zhongyue Tinplate and Zhongyue Posco produced 98,054 tonnes and 64,365 tonnes respectively. In addition, the blackplate manufacturing plant of Zhongyue Tinplate produced 63,822 tonnes of blackplates, a decrease of 1.6% 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 173,595 tonnes of tinplate products, an increase of 4.2% as compared to that for the corresponding period last year, of which, Zhongyue Tinplate and Zhongyue Posco sold 103,496 tonnes and 70,099 tonnes respectively, an increase of 4.2% and 4.1% respectively as compared to that for the corresponding period last year. The revenue for the period was HK$901,993,000, a decrease of 25.3% as compared to that for the corresponding period last year. The segment loss was HK$25,976,000, a decrease of HK$51,988,000 from the segment profit of HK$26,012,000 for the corresponding period last year.

Against the competitive market environment, 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 the liquidity of its working capital. Also, sales volume was stabilised and volume of finished goods were reduced by capitalising on the favourable position in capital management, adopting selling prices more comparable to the market rate and 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 to increase its competitiveness. To promote the syndicated operation of the tinplating business, the Group established its procurement centre, realised syndicated procurement and emphasised the functions of the marketing centre and the procurement centre. The Group optimised the system of positions and duties, strengthened the operation models (including the linkage mechanism) of these two centres and determined the scope of management. The Group established two cost centres in Zhongyue Tinplate and Zhongyue Posco, adjusted and organised their management functions, and strengthened management and control including production, cost, quality and delivery capabilities.

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% interest in an associate, Hubei Jinxu Agriculture Development Co., Ltd. ("Hubei Jinxu") and a 34% interest in an associate, Guangdong Zijin Baojin Livestock Co., Ltd. ("Guangdong Baojin").

In the first half of 2016, the revenue of the fresh and live foodstuffs business amounted to HK$214,731,000, representing an increase of 39.2% as compared to that for the corresponding period last year. Together with the share of profits of two associates, Hubei Jinxu and Guangdong Baojin, of HK$10,925,000 (30 June 2015: share of losses of HK$5,331,000), the segment profit was HK$61,859,000, representing an increase of HK$22,570,000 or 57.4% as compared to that for the corresponding period last year. Avian flu still had an impact on our distribution and sales of live poultry business in the first half of 2016, only few live poultry were imported into Hong Kong. The continuous increase in the price of live pigs during the first half of the year resulted in profit for the period for the two associates, which are engaged in pig farming and sales of pigs. Through continuous optimisation of the business workflow, the Group proactively strengthened its communication with governmental authorities, suppliers, industry participants and customers. Service standards were enhanced 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 45%. This provided a relatively steady contribution to the earnings of the Group.

Property Leasing

The Group's leasing properties comprise the plant and staff dormitories of Zhongyue Tinplate and the office units in Hong Kong.

In the first half of 2016, the revenue from the property leasing business of the Group was HK$10,401,000, a decrease of 2.1% as compared to that for the corresponding period last year. The segment profit amounted to HK$7,726,000, an increase of 6.4% as compared to that for the corresponding period last year. In addition, the value of properties held by the Group remained stable and net valuation gains on investment properties of HK$100,000 (30 June 2015: HK$500,000) were recorded for the period.

Yellow Dragon

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

In the first half of 2016, Yellow Dragon recorded a sales volume of 163,645 tonnes of its major product, corn starch, a decrease of 11.8% as compared to that for the corresponding period last year. Revenue was HK$620,037,000, a decrease of 35.6% as compared to that for the corresponding period last year. Sales price and sales volume of its products decreased during the period, together with the purchase cost of raw materials remained at a high level, it recorded a loss from operation of HK$68,845,000 but a net profit of HK$1,231,000 mainly due to the income from government grants. Starting from July 2016, the government of Jilin Province will no longer provide processing subsidies for corn processing enterprises. However, the cost of corns is expected to decrease by RMB100 to RMB200 per tonne under the Chinese government's policy to eliminate its stockpiling scheme. Yellow Dragon's operation is expected to remain stable in the second half of the year and the commodity price is expected to rebound.

FINANCIAL POSITION

As at 30 June 2016, the Group's total assets and total liabilities amounted to HK$2,925,305,000 and HK$435,144,000, representing a decrease of HK$215,224,000 and HK$203,869,000 respectively when compared with the positions at the end of 2015. Net current assets increased from HK$1,034,574,000 at the end of 2015 to HK$1,079,500,000. The current ratio (current assets divided by current liabilities) increased from 2.7 at the end of 2015 to 3.7.

Liquidity and Financial Resources

In January 2016, the Group fully repaid unsecured bank borrowings of HK$271,300,000, as a result, the Group's cash and cash equivalents balance was HK$746,697,000 as at 30 June 2016, representing a decrease of 22.2% when compared with the position at the end of 2015, of which 45.7% was denominated in Renminbi, 34.1% was denominated in United States Dollars while the remaining balance was denominated in Hong Kong Dollars. Interest income decreased from HK$21,521,000 for the corresponding period last year to HK$6,489,000 for the period.

As at 30 June 2016, the Group had outstanding loans from a related company denominated in United States Dollars equivalent to HK$71,760,000 (31 December 2015: HK$71,760,000), which were repayable within 1 year and subject to floating interest rate. The annual interest rate was 3-month London Interbank Offered Rate ("LIBOR") + 1.4% (31 December 2015: 3-month LIBOR + 1.4%).

As at 30 June 2016, 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 -29.1% (31 December 2015: -26.5%).

As at 30 June 2016, the Group's available banking facilities which are used for working capital and trade finance purposes, amounted to HK$314,906,000, of which HK$128,265,000 was utilised and HK$186,641,000 was unutilised. Currently, the cash reserves and available banking facilities, as well as the steady cash flow from operations, are sufficient to meet the Group's debt obligations and business operations.

Capital Expenditure and Capital Commitments

The Group's capital expenditure in the first half of 2016 amounted to HK$3,246,000 (30 June 2015: HK$34,792,000). Capital commitments outstanding at 30 June 2016 not provided for in the financial statements amounted to HK$3,529,000 (31 December 2015: HK$8,899,000). It is expected that the capital expenditure for 2016 will be approximately HK$12,000,000.

Acquisitions and Disposals of Investments

The Group had no material acquisitions and disposals of investments during the first half of 2016.

Pledge of Assets

As at 30 June 2016, 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$9,383,000 (31 December 2015: HK$11,711,000). In addition, deposits at bank of HK$13,082,000 were pledged as a security for a banking facility. Also, the Group was required to place at designated bank accounts amounting to HK$1,893,000 for potential default in payment of construction costs payables. Other than the above, none of the assets of the Group was pledged.

Contingent Liabilities

As at 30 June 2016, the Group had no material contingent liabilities.

Exchange Rate and Interest Rate Exposures

The majority of the Group's business operations are in Mainland China and Hong Kong. The Group is exposed to foreign currency risk primarily from purchases from overseas suppliers and 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 the 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 view of the market expectation of the depreciation of the Renminbi against the United States Dollar in the short to medium term, the Group has enhanced research and monitoring of the foreign exchange market since the second half of 2015 in order to reasonably reduce the financial impact from the fluctuations of the exchange rate of the Renminbi. While balancing interest income and exchange rate risks, the Group has been gradually increasing foreign currency assets and reducing foreign currency liabilities in order to reduce the exposure to exchange rate risks. As the Group considers the exchange rate risk currently faced is not material, no hedging arrangements have been entered into. Management closely monitors the changes in the foreign exchange market and will take appropriate measures to hedge the risks when necessary.

The Group's interest rate risk arises primarily from interest-bearing borrowings and cash and cash equivalents. Borrowings and lendings issued 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 considers the interest rate risk currently faced is not material, no interest rate hedging has been carried out. Management closely monitors the changes in market interest rates.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2016, the Group had a total of 1,090 full-time employees, a decrease of 65 from 1,155 at the end of 2015. 176 employees were based in Hong Kong and 914 were based 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 2016, the Group continued to implement control over the headcount, organisation structure and total salaries of each subsidiary. The performance bonus incentive scheme for the management remained effective. Through performance assessment of each subsidiary, a performance bonus was accrued according to various profit rankings and with reference to net cash inflow from operations and profit after taxation. In addition, bonuses will be rewarded to management and key personnel through assessment of individual performance. These incentive schemes have effectively improved the morale of our staff members.

PROSPECTS

Currently, the recovery of the European and US economies is slow, while the economy in Mainland China is facing downward pressure. Besides, capital and money markets fluctuate significantly. As such, there will be certain challenges in the operating environment, and the Group's earnings will be subject to significant impact. In respect of the tinplating business, by leveraging on the new tinplating production line and the coating and printing production lines which commenced operation in recent years, the Group will actively transform and upgrade our business, improve the production quality, enrich varieties in product categories, enhance value-added, strive to receive recognition from customers, expand customer base and increase production and sales volume. 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 improve the operating results of the Group.

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2016

The Board announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2016, which have been reviewed by the Company's audit committee.

Consolidated Income Statement
For the six months ended 30 June 2016 - unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2016	*2015*
	Note	**$'000**	$'000
Revenue	3	**1,127,125**	1,371,697
Cost of sales		**(1,036,633)**	(1,231,769)
Gross profit		**90,492**	139,928
Other revenue	4	**13,056**	23,723
Other net income	5	**1,798**	6,457
Distribution costs		**(31,629)**	(37,599)
Administrative expenses		**(46,521)**	(53,392)
Other operating expenses		**(1,060)**	(9,106)
Profit from operations		**26,136**	70,011
Net valuation gains on investment properties	10(b)	**100**	500
Finance costs	6(a)	**(930)**	(5,169)
Share of profits less losses of associates		**11,417**	(1,566)
Profit before taxation	6	**36,723**	63,776
Income tax	7	**(2,555)**	(8,450)
Profit for the period		**34,168**	55,326
Attributable to:			
Equity shareholders of the Company		**36,061**	54,015
Non-controlling interests		**(1,893)**	1,311
Profit for the period		**34,168**	55,326
Interim dividend	8(a)	**9,076**	18,152
Earnings per share			
Basic	9(a)	**4.0 cents**	6.0 cents
Diluted	9(b)	**4.0 cents**	6.0 cents

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2016 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2016	*2015*
	$'000	$'000
Profit for the period	**34,168**	55,326
Other comprehensive income for the period:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of:		
– subsidiaries outside Hong Kong	**(31,778)**	603
– associates outside Hong Kong	**(5,473)**	119
– tax benefit related to a subsidiary outside Hong Kong	**804**	-
Net-of-tax amount	**(36,447)**	722
Total comprehensive income for the period	**(2,279)**	56,048
Attributable to:		
Equity shareholders of the Company	**2,157**	54,682
Non-controlling interests	**(4,436)**	1,366
Total comprehensive income for the period	**(2,279)**	56,048

Consolidated Statement of Financial Position
At 30 June 2016
(Expressed in Hong Kong dollars)

	Note	*At 30 June 2016* **Unaudited** **$'000**	*At 31 December 2015* Audited $'000
Non-current assets			
Investment properties	10	**388,769**	392,061
Other property, plant and equipment	10	**679,083**	740,504
Interests in leasehold land held for own use under operating leases		**107,085**	111,029
		1,174,937	1,243,594
Interest in associates		**261,541**	255,596
Deposits and prepayments		**5,617**	4,732
Deferred tax assets		**914**	1,699
		1,443,009	1,505,621
Current assets			
Inventories	11	**280,135**	229,109
Trade and other receivables, deposits and prepayments	12	**436,456**	441,832
Current tax recoverable		**4,033**	4,114
Restricted and pledged deposits		**14,975**	-
Cash and cash equivalents	13	**746,697**	959,853
		1,482,296	1,634,908
Current liabilities			
Trade and other payables	14	**303,786**	236,295
Bank loans	15(a)	**-**	271,300
Loans from a related company	15(b)	**71,760**	71,760
Current tax payable		**27,250**	20,979
		402,796	600,334
Net current assets		**1,079,500**	1,034,574
Total assets less current liabilities		**2,522,509**	2,540,195
Non-current liability			
Deferred tax liabilities		**32,348**	38,679
Net assets		**2,490,161**	2,501,516
Capital and reserves			
Share capital		**459,651**	459,651
Reserves		**1,863,682**	1,870,601
Total equity attributable to equity shareholders of the Company		**2,323,333**	2,330,252
Non-controlling interests		**166,828**	171,264
Total equity		**2,490,161**	2,501,516

Notes to the unaudited consolidated financial information

(Expressed in Hong Kong dollars)

1. Basis of preparation

The interim results set out in this announcement do not constitute the Group's interim financial report for the six months ended 30 June 2016 but are extracted from the interim financial report.

The 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").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 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.

The financial information relating to the financial year ended 31 December 2015 that is included in this announcement 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 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong 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 Hong Kong Companies Ordinance.

2. Changes in accounting policies

The HKICPA has issued the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective for the current accounting period of the Group.

2. Changes in accounting policies (Continued)

- *Annual Improvements to HKFRSs 2012-2014 Cycle*
- *Amendments to HKAS 1, Presentation of financial statements: Disclosure initiative*

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.

(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.

For the six months	*Tinplating*		*Fresh and live foodstuffs*		*Property leasing*		*Total*	
ended 30 June	***2016***	*2015*	***2016***	*2015*	***2016***	*2015*	***2016***	*2015*
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Reportable segment revenue	**901,993**	1,206,792	**214,731**	154,285	**10,401**	10,620	**1,127,125**	1,371,697
Reportable segment (loss)/profit	**(25,976)**	26,012	**61,859**	39,289	**7,726**	7,259	**43,609**	72,560
As at 30 June/ 31 December								
Reportable segment assets (including interest in associates)	**2,023,682**	2,282,393	**317,656**	271,593	**389,462**	392,623	**2,730,800**	2,946,609
Reportable segment liabilities	**363,822**	575,095	**22,900**	15,194	**42,489**	42,949	**429,211**	633,238

3. Revenue and segment reporting (Continued)

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

	Six months ended 30 June	
	2016	*2015*
	$'000	$'000
Profit		
Reportable segment profit derived from the Group's external customers and associates	**43,609**	72,560
Unallocated head office and corporate income and expenses	**(6,548)**	(7,880)
Net valuation gains on investment properties	**100**	500
Finance costs	**(930)**	(5,169)
Share of profit of an associate not attributable to any segment	**492**	3,765
Consolidated profit before taxation	**36,723**	63,776

	At 30 June 2016	*At 31 December 2015*
	$'000	$'000
Assets		
Reportable segment assets	**2,730,800**	2,946,609
Interest in an associate not attributable to any segment	**185,906**	189,200
Unallocated head office and corporate assets	**8,599**	4,720
Consolidated total assets	**2,925,305**	3,140,529
Liabilities		
Reportable segment liabilities	**429,211**	633,238
Unallocated head office and corporate liabilities	**5,933**	5,775
Consolidated total liabilities	**435,144**	639,013

4. Other revenue

	Six months ended 30 June	
	2016	*2015*
	$'000	$'000
Interest income	**6,489**	21,521
Subsidies received	**4,530**	875
Others	**2,037**	1,327
	13,056	23,723

5. Other net income

	Six months ended 30 June	
	2016	*2015*
	$'000	$'000
Net realised and unrealised exchange gain	**1,693**	1,857
Net gains on forward foreign exchange contracts	**-**	3,288
Others	**105**	1,312
	1,798	6,457

6. Profit before taxation

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

	Six months ended 30 June	
	2016	*2015*
	$'000	$'000
(a) Finance costs		
Interest on bank borrowings	**220**	4,465
Interest on loans from a related company	**710**	704
	930	5,169
(b) Staff costs		
Net contributions to defined contribution retirement plans	**6,656**	6,438
Equity-settled share-based payment expenses	**-**	(71)
Salaries, wages and other benefits	**69,051**	76,486
	75,707	82,853
(c) Other items		
Amortisation of land lease premium	**1,777**	1,977
Depreciation	**50,790**	50,584
Operating lease charges	**3,966**	3,989
Rentals receivable from investment properties less direct outgoings of $302,000 (30 June 2015: $564,000)	**(10,099)**	(10,056)

7. Income tax in the consolidated income statement

Taxation in the consolidated income statement represents:

		Six months ended 30 June	
		2016	*2015*
	Note	**$'000**	$'000
Current tax – Hong Kong			
Provision for the period		**6,081**	5,481
Over-provision in respect of prior years		**-**	(1,268)
		6,081	4,213
Current tax – the People's Republic of China (the "PRC")			
Provision for the period		**575**	7,470
Over-provision in respect of prior years		**-**	(238)
		575	7,232
Deferred tax			
Origination and reversal of temporary differences		**(4,101)**	(2,995)
	(i)	**2,555**	8,450

Notes:

(i) The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2015: 16.5%) to the six months ended 30 June 2016. 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.

8. Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the interim period:

	Six months ended 30 June	
	2016	*2015*
	$'000	$'000
Interim dividend declared and payable/paid after the interim period of 1.0 cent (30 June 2015: 2.0 cents) per ordinary share	**9,076**	18,152

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.

(b) 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	
	2016	*2015*
	$'000	$'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of 1.0 cent (30 June 2015: 2.5 cents) per ordinary share	**9,076**	22,690

9. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2016 is based on the profit attributable to ordinary equity shareholders of the Company of $36,061,000 (30 June 2015: $54,015,000) and the weighted average number of 907,593,000 (30 June 2015: 907,340,000) ordinary shares in issue during the period, calculated as follows:

Weighted average number of ordinary shares

	Six months ended 30 June	
	2016	*2015*
	'000	'000
Issued ordinary shares at 1 January	**907,593**	907,293
Effect of share options exercised	**-**	47
Weighted average number of ordinary shares at 30 June	**907,593**	907,340

(b) Diluted earnings per share

There were no diluted potential shares in existence during the six months ended 30 June 2016 and 2015.

10. Investment properties and other property, plant and equipment

(a) Acquisitions and transfers

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment with a cost of $3,246,000 (30 June 2015: $34,792,000). Also, the Group transferred construction in progress with a carrying amount of $910,000 (30 June 2015: $24,152,000) 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 2016 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 2015 valuations. As a result of the update, a net gain of $100,000 (30 June 2015: $500,000) has been recognised in profit or loss for the period.

11. Inventories

	At 30 June 2016 **$'000**	*At 31 December 2015* $'000
Raw materials, spare parts and consumables	**173,917**	103,732
Work in progress	**27,351**	13,254
Finished goods	**78,867**	112,123
	280,135	229,109

12. Trade and other receivables, deposits and prepayments

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:

	At 30 June 2016 **$'000**	*At 31 December 2015* $'000
Within 1 month	**341,171**	358,444
1 to 3 months	**575**	14,792
Over 3 months	**1,606**	77
	343,352	373,313

12. Trade and other receivables, deposits and prepayments (Continued)

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.

13. Cash and cash equivalents

	At 30 June 2016 **$'000**	*At 31 December 2015* $'000
Deposits with banks	**-**	6,727
Cash at bank and in hand	**746,697**	953,126
Cash and cash equivalents in the consolidated statement of financial position	**746,697**	959,853

14. Trade and other payables

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:

	At 30 June 2016 **$'000**	*At 31 December 2015* $'000
Due within 1 month or on demand	**132,112**	88,966
Due after 1 month but within 3 months	**47,174**	25,846
Due after 3 months but within 6 months	**2,925**	-
	182,211	114,812

15. Borrowings

	At 30 June 2016 $'000	At 31 December 2015 $'000
(a) Bank loans		
- unsecured (note)	-	271,300

The bank loans were repayable as follows:

	At 30 June 2016 $'000	At 31 December 2015 $'000
Within 1 year or on demand	-	271,300

Note: As at 31 December 2015, the unsecured bank loans were guaranteed by the Company. It is provided in the facility agreement for the unsecured bank loan 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 was 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 31 December 2015, none of the covenants relating to the bank loan had been breached.

During the six months ended 30 June 2016, the unsecured bank loans have been fully repaid.

	At 30 June 2016 $'000	At 31 December 2015 $'000
(b) Loans from a related company	**71,760**	71,760

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") + 1.4% (31 December 2015: 3-month LIBOR + 1.4%) per annum and repayable within one year.

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 contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the six months ended 30 June 2016 except for the following:

The code provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual (the Company regards that the term "chief executive" has the same meaning as the General Manager of the Company).

Mr. Tan Yunbiao acts as the Chairman and General Manager of the Company. He is responsible for effective running of the Board and formulating business strategies. He also provides leadership for effective running of the Company's business and implementing the policies devised by the Board. With the ever-changing operating environment, the Board believes that this arrangement still enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively.

The Board will review the current situation from time to time and shall make necessary arrangements when the Board considers appropriate.

Purchase, Sale and Redemption of Listed Securities

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

Interim Dividend

The Board has resolved to declare the payment of an interim dividend for 2016 of HK1.0 cent per share (2015: HK2.0 cents per share). The interim dividend will be paid on Tuesday, 25 October 2016 to the shareholders whose names appear on the register of members of the Company on Thursday, 6 October 2016.

Closure of Register of Members

The register of members of the Company will be closed on Wednesday, 5 October 2016 and Thursday, 6 October 2016. 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 Tuesday, 4 October 2016.

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 2016. In addition, the Company's external auditor, KPMG, has also reviewed the aforesaid unaudited interim financial report.

By order of the Board
Tan Yunbiao
Chairman

Hong Kong, 26 August 2016

As at the date of this announcement, the Board is composed of two Executive Directors, namely Messrs. Tan Yunbiao and Lau Kin Man; one Non-Executive Director, namely Ms. Liang Jianqin; and three Independent Non-Executive Directors, namely Mr. Gerard Joseph McMahon, Ms. Tam Wai Chu, Maria and Mr. Li Kar Keung, Caspar.