



粵海廣南(集團)有限公司

GDH GUANGNAN (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability) (於香港註冊成立的有限公司)
(Stock code 股份代號: 01203)



2024 INTERIM REPORT

中期報告

Contents

Corporate Information	2
Financial Highlights	3
Management Discussion and Analysis	4
Review Report	9
Unaudited Interim Financial Report	
Consolidated Income Statement	10
Consolidated Statement of Comprehensive Income	11
Consolidated Statement of Financial Position	12
Consolidated Statement of Changes in Equity	14
Condensed Consolidated Cash Flow Statement	16
Notes to the Unaudited Interim Financial Report	17
Directors' Interests and Short Positions in Securities	36
Substantial Shareholders' Interests	37
Corporate Governance and Other Information	38

Corporate Information

(As at 30 August 2024)

BOARD OF DIRECTORS

Executive Directors

CHEN Benguang (*Chairman*)

YANG Zhe (*General Manager*)

CHAU Wang Kei (*Chief Financial Officer*)

Non-Executive Director

WANG Longhai

Independent Non-Executive Directors

Gerard Joseph MCMAHON

LI Kar Keung, Caspar

WONG Yau Kar, David, *GBS, JP*

AUDIT COMMITTEE

Gerard Joseph MCMAHON (*Chairman*)

LI Kar Keung, Caspar

WONG Yau Kar, David

COMPENSATION COMMITTEE

LI Kar Keung, Caspar (*Chairman*)

Gerard Joseph MCMAHON

WONG Yau Kar, David

NOMINATION COMMITTEE

CHEN Benguang (*Chairman*)

Gerard Joseph MCMAHON

LI Kar Keung, Caspar

WONG Yau Kar, David

COMPANY SECRETARY

LIU Wai Kin

AUDITOR

KPMG

Certified Public Accountants

Public Interest Entity Auditor registered in accordance

with the Accounting and Financial Reporting

Council Ordinance

8th Floor, Prince's Building

10 Chater Road, Central, Hong Kong

PRINCIPAL BANKERS

DBS Bank Limited

Bank of Communications Co., Ltd.

Bank of China (Hong Kong) Limited

Bank of China Limited

Industrial and Commercial Bank of China (Asia) Limited

Industrial and Commercial Bank of China Limited

China CITIC Bank Corporation Limited

Agricultural Bank of China Limited

OCBC Bank (Hong Kong) Limited

Hang Seng Bank Limited

REGISTERED OFFICE

Units 2905-08, 29th Floor, Shui On Centre

6-8 Harbour Road, Wanchai, Hong Kong

Telephone : (852) 2828 3938

Facsimile : (852) 2583 9288

Website : <http://www.gdguangnan.com>

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

17M Floor, Hopewell Centre

183 Queen's Road East, Wanchai, Hong Kong

SHARE INFORMATION

Place of Listing Main Board of
The Stock Exchange of
Hong Kong Limited

Stock Code 01203

Board Lot 2,000 shares

Financial Year End 31 December

SHAREHOLDERS' CALENDAR

Last Share Registration

Date 4 October 2024

*Closure of Register
of Members* 7 October 2024 and
8 October 2024

Interim Dividend HK1.0 cent per share

Payment Date 25 October 2024

Financial Highlights

(Expressed in Hong Kong dollars)

UNAUDITED FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2024 \$'000	2023 \$'000	Change
Revenue	5,417,004	4,989,459	8.6%
Profit from operations	130,533	139,252	-6.3%
Profit attributable to shareholders	57,727	59,132	-2.4%
Basic earnings per share	6.4 cents	6.5 cents	-1.5%
Interim dividend per share	1.0 cent	1.0 cent	0.0%
	At 30 June 2024 \$'000	At 31 December 2023 \$'000	Change
Total assets	4,702,840	4,789,001	-1.8%
Shareholders' equity	2,552,105	2,570,014	-0.7%
Net asset value per share ¹	\$2.81	\$2.83	-0.7%
Closing market price per share	\$0.54	\$0.57	
Net cash ²	N/A	122,355	
Net financial borrowings ³	126,886	N/A	
Gearing ratio ⁴	5.0%	N/A	

Notes:

- $\frac{\text{Shareholders' equity}}{\text{Number of ordinary shares in issue}}$
- Pledged deposits, cash and cash equivalents – borrowings
- $\frac{\text{Borrowings – pledged deposits, cash and cash equivalents}}{\text{Shareholders' equity}}$
- $\frac{\text{Borrowings – pledged deposits, cash and cash equivalents}}{\text{Shareholders' equity}}$

Management Discussion and Analysis

RESULTS

For the first half of 2024, the unaudited consolidated revenue of GDH Guangnan (Holdings) Limited (the “Company”) and its subsidiaries (collectively, the “Group”) was HK\$5,417 million, representing an increase of 8.6% from HK\$4,989 million for the same period last year. The unaudited consolidated profit from operations was HK\$131 million, representing a decrease of 6.3% from HK\$139 million for the same period last year. The unaudited consolidated profit attributable to shareholders was HK\$57.73 million, representing a decrease of 2.4% compared with HK\$59.13 million for the same period last year. The basic earnings per share was HK6.4 cents, a decrease of 1.5% from HK6.5 cents for the same period last year.

INTERIM DIVIDEND

The board (the “Board”) of directors (the “Director(s)”) of the Company declares the payment of an interim dividend for 2024 of HK1.0 cent per share (2023: HK1.0 cent per share).

BUSINESS REVIEW

A summary of the performance of the Group’s major businesses during the period is set out as follows:

Fresh and Live Foodstuffs

Upon deployment of new strategies in the fresh and live foodstuff business, the Group has implemented the integrated industrial chain operation platform of “livestock and poultry breeding – slaughter and processing – cold chain distribution – fresh marketing”, which enabled the Group to explore new development opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area.

In respect of our operation in Mainland China, benefiting from the layout of the Group’s slaughtering business in the Greater Bay Area and in a bid to strengthen, enhance and expand the slaughtering business. The live pig slaughtering volume of the Group exceeded 1.56 million heads in the first half of 2024, increased by 7.1% as compared to same period last year, enabling the Group to rank among one of the top in terms of slaughtering volume in Guangdong Province. In addition, the Group’s food wholesale business in the mainland continued to expand during the period.

In respect of our operation in Hong Kong, the swine price has begun to rise since May 2024. The Group increased the sales volume of live pigs so as to offset the negative impact from the declining swine price in the beginning of this year. The overall market share in the live pigs supply into Hong Kong was about 49%. Meanwhile, the Group continued to expand its foodstuff wholesale and retail business in Hong Kong. Brilliant Food Products Limited had 8 retail stores currently.

As a result of the aforesaid effort, revenue of the fresh and live foodstuffs business amounted to HK\$4,429 million, accounted for 81.8% of the Group’s revenue, representing an increase of HK\$597 million or 15.6% as compared to the same period last year. The segment profit (excluding share of losses of associates) of the fresh and live foodstuffs business amounted to HK\$96.91 million, increased by 7.8% period-on-period. Benefiting from an increased swine price, the performance of associates that engaged in pig farming and pig trading improved. Share of losses of the associates of the Group decreased to HK\$18.77 million (30 June 2023: share of losses of HK\$30.06 million) period-on-period, which offset part of the segment profit of fresh and live foodstuffs business. After deduction of the share of losses of the associates, the segment profit of the fresh and live foodstuffs was HK\$78.15 million, increased by HK\$18.3 million or 30.6%, as compared to the same period last year.

Through continuous expansion strategy of the slaughtering business, and extension of the business chain which includes food processing, cold chain transportation and terminal network, they contributed earnings to the Group.

Management Discussion and Analysis (continued)

BUSINESS REVIEW (continued)

Tinplating

Currently, the annual production capacity of tinplate products and blackplates of the Group are 490,000 tonnes and 140,000 tonnes, respectively. For the first half of 2024, the still intensified competition of the tinplating industry caused a drop in the sales volume and selling price of tinplate products of the Group as compared to the same period last year. As a result of that, the segment of tinplating recorded a decrease in profit. The Group produced 148,000 tonnes of tinplate products during the period, representing an increase of 5.0% as compared to the same period last year, and sold 138,000 tonnes of tinplate products, a decrease of 3.1% as compared to the same period last year.

The revenue of the tinplating business accounted for 18.1% of the Group's revenue. Revenue for the period was HK\$979 million, a decrease of HK\$169 million or 14.7% as compared to the same period last year. The segment profit was HK\$14.98 million, a decrease of HK\$36.66 million or 71.0% as compared to the same period last year.

Due to the intensified market competition, the Group strengthens the supply chain management of raw material procurement, so as to effectively control procurement costs. Meanwhile, the Group strove to enhance product quality and enrich product mix to increase added values, which in return gains customers' recognition. The Group also strove to make every effort in market expansion to enlarge its customer base. Accordingly, profit growth would be attained leveraging on such marketing strategies covering the whole value chain.

Property Leasing

The Group's properties for lease comprise the plant and dormitories of GDH Zhongyue (Zhongshan) Tinplate Industry Co., Ltd. and the office units in Hong Kong. In the first half of 2024, the property occupancy rate for the property leasing business of the Group was 82.6%, representing a decrease of 8.0% as compared to the same period last year. Amid a drop in revenue by 13.5% to HK\$8.65 million, the segment profit amounted to HK\$3.91 million, decreased by 24.4% as compared to the same period last year. In addition, valuation losses on investment properties of HK\$2.34 million were recorded for the period (30 June 2023: valuation gains HK\$1.58 million) due to depreciation of property value.

Yellow Dragon

The liquidation of Yellow Dragon Food Industry Co., Ltd. ("Yellow Dragon") was completed in June 2024 and gain from liquidation of an associate of HK\$30.11 million was recorded.

FINANCIAL POSITION

As at 30 June 2024, the Group's total assets and total liabilities amounted to HK\$4,703 million and HK\$1,913 million, representing a decrease of HK\$86.16 million and HK\$80.21 million respectively when compared with the positions at the end of 2023. The net current assets amounted to HK\$1,243 million and increased by HK\$37.99 million as compared with that at the end of 2023. The current ratio (current assets divided by current liabilities) is 1.9, same as that of at the end of 2023.

Liquidity and Financial Resources

The Group's cash and cash equivalents as at 30 June 2024 was HK\$736 million, representing a decrease of 28.9% when compared with the position at the end of 2023, of which 80.7% was denominated in Renminbi, 3.1% was denominated in United States Dollars while the remaining balance was mainly denominated in Hong Kong Dollars. Interest income was HK\$4.81 million, representing a decrease of HK\$2.98 million over the same period.

As at 30 June 2024, the Group's gearing ratio, calculated by dividing the net borrowings (being borrowings less pledged deposits and cash and cash equivalents) by total equity attributable to equity shareholders of the Company, was 5.0% (31 December 2023: net cash position).

As at 30 June 2024, the Group's available banking facilities which are used for working capital and trade finance purposes amounted to HK\$3,304 million (31 December 2023: HK\$3,308 million), of which HK\$1,159 million (31 December 2023: HK\$1,165 million) was utilised. Currently, the cash reserves and available banking facilities, as well as the steady cash flow generated from operations, are sufficient to meet the Group's needs and obligations for business operations.

Capital Expenditure and Capital Commitments

The Group's capital expenditure in the first half of 2024 amounted to HK\$23.42 million (30 June 2023: HK\$259 million). The Group's capital commitments outstanding at 30 June 2024 not provided for in the interim financial report amounted to HK\$28.48 million (31 December 2023: HK\$37.14 million), are mainly used for the renovation of production equipment of tinplating segment and the optimization project of fresh and live foodstuffs segment. It is expected that the capital expenditure for 2024 will be approximately HK\$51.90 million.

Acquisitions and Disposals of Investments

The Group had no material acquisitions and disposals of investments during the first half of 2024.

Management Discussion and Analysis (continued)

FINANCIAL POSITION (continued)

Pledge of Assets

As at 30 June 2024, deposits at banks of HK\$13.37 million (31 December 2023: HK\$9.58 million) were pledged as securities for bills payable.

As at 30 June 2024, an amount of HK\$285 million (31 December 2023: HK\$761 million) among the banking facilities was secured by mortgages over land and buildings with an aggregate carrying value of HK\$165 million (31 December 2023: HK\$489 million). Other than the above, none of the assets of the Group was pledged.

Contingent Liabilities

As at 30 June 2024, the Group had no material contingent liabilities.

Exchange Rate and Interest Rate Exposures

The Group's operations are mainly conducted in Mainland China and Hong Kong. The Group is exposed to foreign currency risk primarily through 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 Dollars 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 or entering into forward foreign exchange contracts where necessary to address short-term imbalances.

In view of the continuous fluctuation of Renminbi against the United States Dollars, the Group has enhanced research and monitoring of the foreign exchange market in order to reduce the exposure to exchange rate risks, and will take appropriate measures to hedge the risks when necessary. As at 30 June 2024, no unsettled forward foreign exchange contracts against Renminbi were held by the Group to hedge against currency risk in respect of export sales (31 December 2023: USD0.50 million).

The Group's interest rate risk arises primarily from pledged deposits, cash and cash equivalents, bank loans, loan from a fellow subsidiary and lease liabilities. Lendings and borrowings 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 that its current exposure to interest rate risk is not material, no interest rate hedging has been carried out. The management closely monitors the changes in market interest rates.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had a total of 1,462 full-time employees, a decrease of 58 from 1,520 at the end of 2023. 246 employees were based in Hong Kong and 1,216 employees were based in Mainland China. Staff remuneration is determined in accordance with the duties, workload, skill requirements, hardship, working conditions and individual performance and with reference to the prevailing industry practices. In 2024, the Group continued to implement control over the headcount, organisational structure and total salaries of each subsidiary. The performance bonus incentive scheme for the management is in place for accruing performance bonus in proportion to various profit rankings and with reference to net cash inflow from operations and profit after taxation based on the assessment of the operating results of each subsidiary. In addition, bonuses are rewarded to the management and key personnel through assessment of individual performance. These incentive schemes have effectively improved the morale of the staff members.

PROSPECTS

Looking ahead to the second half of 2024, the domestic and international macro environment faces new challenges and uncertainties. International geopolitical tensions persist, while the domestic economy continues to progress steadily under proactive policy support. However, risks associated with rising costs and market fluctuations due to changes in the external environment remain. The Group will seize opportunities presented by industrial upgrading and the expansion of domestic demand, adapting flexibly to changes in market and policy conditions to achieve sustainable development.

As for the fresh and live foodstuffs business, the Group will drive continuous innovation by focusing on excellence in quality and deepening industry chain integration. We aim to optimize resource allocation and commit to ongoing innovation and high-quality development in the fresh and live foodstuffs business. Leveraging the geographical advantages of the Guangdong-Hong Kong-Macao Greater Bay Area, the Group will actively explore regional cooperation, continually extending and expanding the fresh and live foodstuffs segment along the entire industry chain. We remain vigilant about the quality and diversity of food products, with a focus on the sustainable development of the entire food industry chain. At the same time, we will be market-driven, strengthening market segmentation and brand building efforts to create a premium image of a food supplier in the Greater Bay Area. This will enhance our industry positioning and market competitiveness in the food sector.

In respect of the tinplating business, the Group is focusing on enhancing product quality, processes and technologies through scientific research and innovation and customer-driven product improvements. This commitment ensures we meet the high standards demanded by clients across various industries. By deepening strategic partnerships with our customers, we accurately capture market dynamics and evolving customer needs, enabling agile product and service iterations and optimizations. This approach ensures we continually meet and exceed customer expectations. Moreover, the Group dedicates to expanding our customer base by conducting in-depth market research and implementing strategic marketing initiatives to explore and seize new market opportunities. We strive to increase market share, solidify our brand reputation and influence in the packaging sector through innovative marketing strategies and product diversification. Our ongoing efforts to optimize the product portfolio and enhance competitiveness ensure we maintain a leading position in the highly competitive market.

Amid the increasing global economic uncertainties, the Group adheres to prudent risk management principles. We ensure robust business growth by strengthening risk management, optimizing core businesses, and flexibly adjusting operational strategies. With a sound financial strategy and ample cash flow, we actively leverage the development opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area, enhancing market competitiveness and profitability, and creating value for our shareholders.

Review Report



Review report to the Board of Directors of GDH Guangnan (Holdings) Limited

(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 10 to 35 which comprises the consolidated statement of financial position of GDH Guangnan (Holdings) Limited as of 30 June 2024 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 2024 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

30 August 2024

Consolidated Income Statement

for the six months ended 30 June 2024 – unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2024 \$'000	2023 \$'000
Revenue	3	5,417,004	4,989,459
Cost of sales		(5,176,033)	(4,699,835)
Gross profit		240,971	289,624
Other revenue	4	23,929	25,114
Other net gains/(losses)	4	34,015	(412)
Selling and distribution costs		(18,308)	(19,451)
Administrative expenses		(108,476)	(111,110)
Other operating expenses		(41,598)	(44,513)
Profit from operations		130,533	139,252
Valuation (losses)/gains on investment properties	8(b)	(2,336)	1,582
Finance costs	5(a)	(15,368)	(9,984)
Share of profit of a joint venture		18	–
Share of losses of associates		(18,077)	(32,472)
Profit before taxation	5	94,770	98,378
Income tax	6	(23,901)	(26,642)
Profit for the period		70,869	71,736
Attributable to:			
Equity shareholders of the Company		57,727	59,132
Non-controlling interests		13,142	12,604
Profit for the period		70,869	71,736
Earnings per share			
Basic	7(a)	6.4 cents	6.5 cents
Diluted	7(b)	6.4 cents	6.5 cents

The notes on pages 17 to 35 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 16(a).

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2024 – unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Profit for the period	70,869	71,736
Other comprehensive income for the period:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of:		
– subsidiaries outside Hong Kong	(16,214)	(78,577)
– associates outside Hong Kong	(1,194)	(8,508)
– a joint venture outside Hong Kong	(79)	–
– tax expense related to a subsidiary outside Hong Kong	(149)	(655)
Net-of-tax amount	(17,636)	(87,740)
Total comprehensive income for the period	53,233	(16,004)
Attributable to:		
Equity shareholders of the Company	41,384	(24,237)
Non-controlling interests	11,849	8,233
Total comprehensive income for the period	53,233	(16,004)

The notes on pages 17 to 35 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2024

(Expressed in Hong Kong dollars)

	Note	At 30 June 2024 Unaudited \$'000	At 31 December 2023 Audited \$'000
Non-current assets			
Property, plant and equipment	8	1,719,790	1,730,678
Investment properties	8	201,239	238,160
		1,921,029	1,968,838
Goodwill	12	85,465	85,904
Interests in associates		109,884	153,609
Interest in a joint venture		10,925	10,986
		2,127,303	2,219,337
Current assets			
Inventories	9	556,439	486,328
Trade and other receivables, deposits and prepayments	10	1,269,554	1,037,833
Pledged deposits	21	13,369	9,575
Cash and cash equivalents	11	736,175	1,035,928
		2,575,537	2,569,664
Current liabilities			
Trade and other payables	14	913,578	943,661
Bank loans	13	288,078	375,383
Loan from a fellow subsidiary	15	106,928	20,177
Lease liabilities		9,263	8,662
Current tax payable		14,845	16,926
		1,332,692	1,364,809
Net current assets		1,242,845	1,204,855
Total assets less current liabilities		3,370,148	3,424,192

Consolidated Statement of Financial Position (continued)

at 30 June 2024
(Expressed in Hong Kong dollars)

	Note	At 30 June 2024 Unaudited \$'000	At 31 December 2023 Audited \$'000
Non-current liabilities			
Bank loans	13	157,528	358,225
Loan from a fellow subsidiary	15	323,896	169,363
Deferred revenue		6,867	7,606
Financial liability at amortised cost		14,299	14,299
Lease liabilities		8,299	7,838
Deferred tax liabilities		69,563	71,216
		580,452	628,547
NET ASSETS		2,789,696	2,795,645
CAPITAL AND RESERVES			
Share capital		459,651	459,651
Reserves		2,092,454	2,110,363
Total equity attributable to equity shareholders of the Company		2,552,105	2,570,014
Non-controlling interests		237,591	225,631
TOTAL EQUITY		2,789,696	2,795,645

The notes on pages 17 to 35 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2024 – unaudited
(Expressed in Hong Kong dollars)

Note	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Exchange reserve	Revaluation reserve	Special capital reserve	Other reserves	Retained profits	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2024	459,651	17,132	15,116	107,440	118,224	1,852,451	2,570,014	225,631	2,795,645
Changes in equity for the six months ended 30 June 2024:									
Profit for the period	-	-	-	-	-	57,727	57,727	13,142	70,869
Other comprehensive income	-	(16,343)	-	-	-	-	(16,343)	(1,293)	(17,636)
Total comprehensive income	-	(16,343)	-	-	-	57,727	41,384	11,849	53,233
Transfer to statutory reserves	-	-	-	-	1,190	(1,190)	-	-	-
Liquidation of an associate	-	(37,102)	-	-	(11,288)	7,249	(41,141)	-	(41,141)
Capital injection received from a minority shareholder	-	-	-	-	-	-	-	11,834	11,834
Dividends approved in respect of the previous year	16(b)	-	-	-	-	(18,152)	(18,152)	-	(18,152)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(11,723)	(11,723)
Balance at 30 June 2024	459,651	(36,313)	15,116	107,440	108,126	1,898,085	2,552,105	237,591	2,789,696

Consolidated Statement of Changes in Equity (continued)

for the six months ended 30 June 2024 – unaudited
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity	
	Note	Share capital \$'000	Exchange reserve \$'000	Revaluation reserve \$'000	Special capital reserve \$'000	Other reserves \$'000	Retained profits \$'000			Total \$'000
Balance at 1 January 2023		459,651	59,707	15,116	107,440	97,512	1,834,467	2,573,893	210,020	2,783,913
Changes in equity for the six months ended 30 June 2023:										
Profit for the period		-	-	-	-	-	59,132	59,132	12,604	71,736
Other comprehensive income		-	(83,369)	-	-	-	-	(83,369)	(4,371)	(87,740)
Total comprehensive income		-	(83,369)	-	-	-	59,132	(24,237)	8,233	(16,004)
Transfer to statutory reserves		-	-	-	-	14,670	(14,670)	-	-	-
Dividends approved in respect of the previous year	16(b)	-	-	-	-	-	(18,152)	(18,152)	-	(18,152)
Dividends paid to minority shareholders		-	-	-	-	-	-	-	(10,289)	(10,289)
Balance at 30 June 2023		459,651	(23,662)	15,116	107,440	112,182	1,860,777	2,531,504	207,964	2,739,468
Balance at 1 July 2023		459,651	(23,662)	15,116	107,440	112,182	1,860,777	2,531,504	207,964	2,739,468
Changes in equity for the six months ended 31 December 2023:										
Profit for the period		-	-	-	-	-	6,792	6,792	14,249	21,041
Other comprehensive income		-	40,794	-	-	-	-	40,794	1,266	42,060
Total comprehensive income		-	40,794	-	-	-	6,792	47,586	15,515	63,101
Transfer to statutory reserves		-	-	-	-	6,042	(6,042)	-	-	-
Acquisition of a subsidiary		-	-	-	-	-	-	-	2,153	2,153
Dividends approved in respect of the current year	16(a)	-	-	-	-	-	(9,076)	(9,076)	-	(9,076)
Dividends paid to minority shareholders		-	-	-	-	-	-	-	(1)	(1)
Balance at 31 December 2023		459,651	17,132	15,116	107,440	118,224	1,852,451	2,570,014	225,631	2,795,645

The notes on pages 17 to 35 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2024 – unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2024 \$'000	2023 \$'000
Operating activities			
Cash (used in)/generated from operations		(107,217)	85,758
Tax paid, net		(27,605)	(25,866)
Net cash (used in)/generated from operating activities		(134,822)	59,892
Investing activities			
Payment for the purchase of property, plant and equipment		(16,517)	(244,429)
Proceed from disposal of property, plant and equipment		17	5,061
Proceeds from liquidation of an associate		17,462	–
Investment in a joint venture		–	(10,846)
Net cash generated from/(used in) investing activities		962	(250,214)
Financing activities			
Proceeds from loan from a fellow subsidiary		269,432	27,194
Repayment of loan from a fellow subsidiary		(25,745)	(11,249)
Proceeds from bank loans		305,182	181,825
Repayments of bank loans		(688,820)	(222,743)
Dividend paid to minority shareholders		(11,723)	(10,289)
Capital injection received from a minority shareholder		11,834	–
Other cash flows arising from financing activities		(21,148)	(24,814)
Net cash used in financing activities		(160,988)	(60,076)
Net decrease in cash and cash equivalents		(294,848)	(250,398)
Cash and cash equivalents at 1 January	11	1,035,928	1,211,631
Effect of foreign exchange rates changes		(4,905)	(23,589)
Cash and cash equivalents at 30 June	11	736,175	937,644

The notes on pages 17 to 35 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

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 30 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 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 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a 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 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 9.

The financial information relating to the financial year ended 31 December 2023 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 2023 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.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and amended HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants*
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

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.

- Fresh and live foodstuffs : this segment distributes, purchases and sells fresh and live foodstuffs and provides slaughtering services.
- Tinplating : this segment produces and sells tinplate and related products which are mainly used as packaging materials for food and industrial products.
- 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 indicated)

3 REVENUE AND SEGMENT REPORTING (continued)

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines:		
Sales of goods		
– Fresh and live foodstuffs	4,357,394	3,753,369
– Tinplate products	979,256	1,147,796
	5,336,650	4,901,165
Commission income from the distribution of fresh and live foodstuffs	26,562	35,013
Slaughtering service income	45,143	43,284
Revenue from other sources		
Rental income from property leasing	8,649	9,997
	5,417,004	4,989,459
Disaggregated by geographical location of customers:		
Hong Kong (place of domicile)	441,929	352,374
Mainland China	4,866,716	4,337,924
Asian countries (excluding Mainland China and Hong Kong)	61,424	167,533
Other countries	46,935	131,628
	4,975,075	4,637,085
	5,417,004	4,989,459

The geographical analysis above includes property rental income from external customers in Hong Kong and in Mainland China for the six months ended 30 June 2024 of \$495,000 (30 June 2023: \$950,000) and \$8,154,000 (30 June 2023: \$9,047,000) respectively.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (continued)

(b) 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.

	Fresh and live foodstuffs		Tinplating		Property leasing		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
For the six months ended 30 June								
Reportable segment revenue	4,429,099	3,831,666	979,256	1,147,796	8,649	9,997	5,417,004	4,989,459
Reportable segment profit	78,147	59,845	14,979	51,639	3,912	5,178	97,038	116,662
– including share of losses of associates	(18,765)	(30,057)	–	–	–	–	(18,765)	(30,057)
As at 30 June/31 December								
Reportable segment assets	2,170,390	2,148,107	1,889,412	1,868,744	202,385	263,690	4,262,187	4,280,541
– including interest in associates	109,884	129,860	–	–	–	–	109,884	129,860
Reportable segment liabilities	991,658	1,135,399	700,460	639,096	38,925	39,673	1,731,043	1,814,168

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

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Profit		
Reportable segment profit derived from the Group's external customers and associates	97,038	116,662
Unallocated income and expenses	(15,380)	(7,467)
Valuation (losses)/gains on investment properties	(2,336)	1,582
Finance costs	(15,368)	(9,984)
Share of profit of a joint venture not attributable to any segment	18	–
Share of profit/(loss) of an associate not attributable to any segment	688	(2,415)
Gain from liquidation of an associate not attributable to any segment	30,110	–
Consolidated profit before taxation	94,770	98,378

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (continued)

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

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Assets		
Reportable segment assets	4,262,187	4,280,541
Interest in a joint venture not attributable to any segment	10,925	10,986
Interest in an associate not attributable to any segment	–	23,749
Unallocated assets	429,728	473,725
Consolidated total assets	4,702,840	4,789,001
Liabilities		
Reportable segment liabilities	1,731,043	1,814,168
Unallocated liabilities	182,101	179,188
Consolidated total liabilities	1,913,144	1,993,356

4 OTHER REVENUE AND NET GAINS/(LOSSES)

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Other revenue		
Interest income on financial assets measured at amortised cost	4,808	7,789
Subsidies received	14,513	10,916
Others	4,608	6,409
	23,929	25,114
Other net gains/(losses)		
Net realised and unrealised exchange gain	7,261	1,184
Net gains/(losses) on forward foreign exchange contracts	67	(405)
Net losses on disposals of property, plant and equipment	(110)	(9)
Gain from liquidation of an associate	30,110	–
Others	(3,313)	(1,182)
	34,015	(412)

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

5 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
(a) Finance costs		
Interest on bank loans	11,642	18,441
Interest on loan from a fellow subsidiary	4,712	883
Interest on lease liabilities	255	231
	16,609	19,555
Less: interest expense capitalised into construction-in-progress*	(1,241)	(9,571)
	15,368	9,984
(b) Staff costs		
Net contributions to defined contribution retirement plans	13,339	12,494
Salaries, wages and other benefits	153,980	152,080
	167,319	164,574
(c) Other items		
Depreciation charge		
– Owned property, plant and equipment	52,652	46,145
– Right-of-use assets	5,087	7,159
Research and development costs	41,598	44,513
Rentals receivable from investment properties less direct outgoings of \$802,000 (30 June 2023: \$833,000)	(7,847)	(9,164)

* The borrowing costs have been capitalised at an annual rate of 2.80% – 5.69% during the period (30 June 2023: 3.26% – 5.97%).

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Taxation in the consolidated income statement represents:

		Six months ended 30 June	
	Note	2024 \$'000	2023 \$'000
Current tax – Hong Kong			
Provision for the period		3,785	2,661
Current tax – the People's Republic of China (the "PRC")			
Provision for the period		21,794	23,589
(Over)/under-provision in respect of prior year		(595)	732
Deferred tax			
Origination and reversal of temporary differences		(1,083)	(340)
	(i)	23,901	26,642

Notes:

- (i) The provision for Hong Kong Profits Tax for the six months ended 30 June 2024 is calculated at 16.5% (30 June 2023: 16.5%) of the estimated assessable profits for the period.

Income tax for subsidiaries established and operating in the PRC is calculated using the estimated annual effective rate of 25% that is expected to be applicable in the PRC, except for two subsidiaries that is entitled to tax incentive as a new and high technology enterprise, enjoys 15% annual effective tax rate.

- (ii) Dividends declared by the PRC subsidiaries and associates to investors incorporated in Hong Kong are subject to a withholding tax at 5%.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2024 is based on the profit attributable to ordinary equity shareholders of the Company of \$57,727,000 (30 June 2023: \$59,132,000) and 907,593,000 (30 June 2023: 907,593,000) ordinary shares in issue during the period.

(b) Diluted earnings per share

There were no potential dilutive shares in existence during the six months ended 30 June 2024 and 2023.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

8 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

(a) Acquisitions and transfers of owned assets

During the six months ended 30 June 2024, the Group had acquired additions to property, plant and equipment with a cost of \$23,420,000 (30 June 2023: \$259,432,000). Also, the Group transferred from investment properties to property, plant equipment amounted to \$33,400,000 (30 June 2023: \$28,800,000) at fair value upon change in use.

(b) Investment properties

The valuations of investment properties carried at fair value were revalued at 30 June 2024 by independent firms of surveyors, Jones Lang LaSalle Limited (31 December 2023: RHL Appraisal Limited), using the same valuation techniques as were used by the valuer when carrying out the December 2023 valuations. As a result of the revaluation, valuation losses of \$2,336,000 (30 June 2023: valuation gains of \$1,582,000) have been recognised in profit or loss for the period.

9 INVENTORIES

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Raw materials, spare parts and consumables	236,347	213,166
Work in progress	48,749	46,641
Finished goods	271,343	226,521
	556,439	486,328

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 \$2,507,000 during the period (30 June 2023: reversal of write-down of inventories \$2,460,000).

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Trade debtors	617,226	350,842
Bills receivable	156,354	340,271
Other receivables, deposits and prepayments	495,974	346,713
Forward foreign exchange contract (note 17)	–	7
	1,269,554	1,037,833

Note:

- (i) As at 30 June 2024 and at 31 December 2023, all of the trade and other receivables, deposits and prepayments of the Group are expected to be recovered or recognised as expense within one year.

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable, net of loss allowance, is as follows:

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Within 1 month	755,654	685,083
1 to 3 months	10,125	1,655
Over 3 months	7,801	4,375
	773,580	691,113

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

In respect of trade 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 to 3 months from the date of billing or the date of receipt of goods by the customers. For the foodstuffs trading business and slaughtering business, the credit period usually ranges from 1 to 3 months. For the distribution of fresh and live foodstuffs business, the credit period is usually less than 1 month. Cash deposits or financial guarantees from other parties are required for certain customers. For the Group's property leasing business, rental is collected 1 month in advance and rental deposits are obtained from the tenants. In general, debtors of the Group with balances that are more than 1 month overdue are requested to settle all outstanding balances before any further credit is granted.

11 CASH AND CASH EQUIVALENTS

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Deposits with banks	124,120	170,490
Cash at bank and on hand	612,055	865,438
Cash and cash equivalents in the consolidated statement of financial position and the condensed consolidated cash flow statement	736,175	1,035,928

12 GOODWILL

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Acquisition of:		
– GDH Food (Foshan) Company Limited	1,415	1,415
– Brilliant Food Products Limited	22,390	22,390
– GDH Food (Zhuhai) Company Limited (note (i))	60,293	60,722
– GDH Food (Guangzhou) Company Limited (note (i))	1,367	1,377
Cost and carrying amount	85,465	85,904

Note:

(i) The movement solely represented the exchange difference.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

13 BANK LOANS

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Within 1 year or on demand	288,078	375,383
After 1 year but within 2 years	5,058	44,682
After 2 years but within 5 years	22,761	91,717
After 5 years	129,709	221,826
	157,528	358,225
	445,606	733,608

As at 30 June 2024, the Group's available banking facilities amounted to \$3,303,849,000 (31 December 2023: \$3,308,374,000), of which \$1,158,573,000 (31 December 2023: \$1,164,667,000) was utilised. Certain portion of the utilised banking facilities were secured by deposits. The banking facilities include \$284,882,000 (31 December 2023: \$761,415,000) which were secured by mortgages over land and buildings with an aggregate carrying value of \$164,507,000 (31 December 2023: \$488,717,000). Part of the unsecured bank loans amounted to \$80,000,000 (31 December 2023: \$270,000,000) were provided in the facility agreements that the Company undertakes to the banks that it shall remain ultimately majority-owned (directly and/or indirectly) by Guangdong Holdings Limited and remain majority-owned (directly and/or indirectly) by GDH Limited. If the Company fails to perform any of its obligations under the facility agreements, then the lenders were entitled to request immediate repayment of these outstanding loans and all accrued interests.

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2024, none of the covenants had been breached.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

14 TRADE AND OTHER PAYABLES

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Trade creditors	196,993	161,070
Bills payable	263,378	340,466
Other payables and accrued charges	375,174	390,909
Contract liabilities	65,850	50,342
Amounts due to fellow subsidiaries (note (i))	748	183
Derivative financial instruments (note 17)	691	691
Dividend payable to the immediate holding company	10,744	–
	913,578	943,661

Notes:

- (i) The amounts due to fellow subsidiaries are unsecured, interest-free and repayable on demand.
- (ii) All of the Group's trade and other payables are expected to be settled or recognised as income within one year.

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable is as follows:

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Due within 1 month or on demand	460,371	477,833
Due after 1 month but within 3 months	–	23,703
	460,371	501,536

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

15 LOAN FROM A FELLOW SUBSIDIARY

As at 30 June 2024, the loan from a fellow subsidiary amounted to \$106,928,000 (31 December 2023: \$20,177,000) was unsecured, interest-bearing at ranging from 2.6% – 3.7% (31 December 2023: 2.8% – 3.0%) per annum and repayable within one year. Loan from a fellow subsidiary amounted to \$323,896,000 (31 December 2023: \$169,363,000) was unsecured, interest-bearing at ranging from 2.6% – 2.9% (31 December 2023: 2.9%) per annum and repayable after more than one year.

16 DIVIDENDS

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

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Interim dividend declared and payable/paid after the interim period of 1.0 cent (30 June 2023: 1.0 cent) per ordinary share	9,076	9,076

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 during the interim period:

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Final dividend in respect of the previous financial year, approved during the following interim period, of 2.0 cents (30 June 2023: 2.0 cents) per ordinary share	18,152	18,152

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

17 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 the financial institutions. The chief financial officer has discussed 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	Fair value measurements as at		
	30 June	30 June 2024 categorised into		
	2024	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements:				
Liability:				
Derivate financial instruments (note 14)	691	–	–	691

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

Fair value hierarchy (continued)

	Fair value at	Fair value measurements as at		
	31 December	31 December 2023 categorised into		
	2023	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements:				
Asset:				
Forward foreign exchange contract (note 10)	7	–	7	–
Liability:				
Derivate financial instruments (note 14)	691	–	–	691

During the six months ended 30 June 2024 and 2023, 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 3 fair value measurements

The fair value of derivate financial instruments in Level 3 is determined by using binomial option pricing model.

(b) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 30 June 2024 and 31 December 2023.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

18 RETIREMENT BENEFITS 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 (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.

For defined contribution pension plans with vesting conditions, any forfeited contributions by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions are not used by the employer to reduce any future contributions.

The Group's pension cost charged to the consolidated income statement for the six months ended 30 June 2024 was \$13,339,000 (30 June 2023: \$12,494,000) (note 5(b)).

19 COMMITMENTS

(a) Capital commitments outstanding at 30 June 2024 not provided for in the interim financial report were as follows:

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Contracted for	15,101	8,692
Authorised but not contracted for	13,380	28,444
	28,481	37,136

The Group's capital commitments at 30 June 2024 and 31 December 2023 are mainly used for the renovation of production equipment of tinplating segment and the optimization project of fresh and live foodstuffs segment.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

20 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	
		2024 \$'000	2023 \$'000
Commission received/receivable from associates	(i)	3,132	10,024
Interest expense paid/payable to a fellow subsidiary	(ii)	4,712	1,867
Purchases of goods from associates	(iii)	135,170	6,884
Purchases of electricity from a fellow subsidiary	(iv)	24,473	21,482
Interest expenses paid/payable to a related party	(v)	–	353

Notes:

- (i) This represents commission earned for services rendered to associates in respect of distribution of fresh and live foodstuffs.
- (ii) This represents interest expense on loan from a fellow subsidiary.
- (iii) This represents purchases of goods from associates in respect of trading of fresh and live foodstuffs.
- (iv) This represents purchases of electricity from a fellow subsidiary.
- (v) This represents interest expense on amounts due to a minority shareholder.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

20 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; and
- Purchase of property, plant and equipment.

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.

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Directors is as follows:

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Short-term employee benefits	1,606	1,623
Post-employment benefits	405	420
	2,011	2,043

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

21 PLEDGED DEPOSITS

As at 30 June 2024, deposits at banks of \$13,369,000 (31 December 2023: \$9,575,000) were pledged as securities for bills payable.

22 SUBSEQUENT EVENTS

After the end of the reporting period, the Directors proposed an interim dividend. Further details are disclosed in note 16(a).

Directors' Interests and Short Positions in Securities

As at 30 June 2024, 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 C3 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") were as follows:

INTERESTS AND SHORT POSITIONS IN THE COMPANY

Interests in ordinary shares

Name of Director	Capacity/nature of interests	Number of ordinary shares held	Long/short position	Approximate percentage of interests held
				(Note)
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 2024.

Save as disclosed above, as at 30 June 2024, to the knowledge of the Company, none of the Directors or chief executives of the Company had any interests or short positions in shares, underlying shares or debentures of the Company or any of its 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.

Substantial Shareholders' Interests

As at 30 June 2024, 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 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	Capacity	Number of ordinary shares beneficially held	Long/short position	Approximate percentage of interests held
				(Note 1)
廣東粵海控股集團有限公司 (Guangdong Holdings Limited) ("Guangdong Holdings") ^(Note 2)	Interest of controlled corporation	537,198,868	Long position	59.19%
GDH Limited ("GDH")	Beneficial owner	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 2024.
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 2024, the Company has not been notified by any persons (other than Directors and chief executives of the Company) who had 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.

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 C1 to the Listing Rules throughout the six months ended 30 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 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 2024.

CHANGE IN DIRECTORS' INFORMATION

There is no information since the date of the 2023 annual report of the Company and up to the date of this report that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company has reviewed the unaudited interim financial report and the interim report of the Group for the six months ended 30 June 2024. In addition, the Company's external auditor, KPMG, has also reviewed the aforesaid unaudited interim financial report.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2024, 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 UNDER RULE 13.21 OF THE LISTING RULES

1. Pursuant to a facility letter (the "Facility Letter 1") entered into between the Company and a bank on 18 April 2024 in relation to one year committed term loan facility in the principal amount of HK\$400 million (the "Facility 1") made available by the bank to the Company, the Company had undertaken to the bank that it shall:
 - (i) at least 51% (directly or indirectly) owned by GDH; and
 - (ii) at least 51% (directly or indirectly) owned by Guangdong Holdings.

If the Company fails to perform any of its obligations under the Facility Letter 1, the bank may by written notice to the Company declare that all sum payable under the Facility Letter 1 including but not limited to the principal outstanding, interest and fees shall be immediate due and payable.

There was no outstanding principal for the Facility 1 as at 30 June 2024.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES (continued)

2. Pursuant to a facility letter (the "Facility Letter 2") entered into between the Company and a bank on 3 June 2024 in relation to a 364-day committed term loan facility in the principal amount of HK\$250 million (the "Facility 2") made available by the bank to the Company, the Company had undertaken to the bank that it shall:

- (i) remain ultimately majority-owned (directly and/or indirectly) by Guangdong Holdings; and
- (ii) remain majority-owned (directly and/or indirectly) by GDH.

If the Company fails to perform any of its obligations under the Facility Letter 2, the bank may by notice to the Company:

- (i) cancel the Facility 2 whereupon they shall immediately be cancelled;
- (ii) declared that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the Facility Letter 2 be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (iii) declared that all or part of the loans be payable on demand, whereupon they shall immediately become payable on demand by the bank.

The outstanding principal of the Facility 2 as at 30 June 2024 amounted to HK\$50 million.

3. Pursuant to a facility letter (the "Facility Letter 3") entered into between the Company and a bank on 20 June 2024 in relation to a 360-day revolving term loan facility in the principal amount of HK\$400 million (the "Facility 3") made available by the bank to the Company, the Company had undertaken to the bank that it shall:

- (i) remain ultimately majority-owned (directly and/or indirectly) by Guangdong Holdings; and
- (ii) remain majority-owned (directly and/or indirectly) by GDH.

If the Company fails to perform any of its obligations under the Facility Letter 3, the bank may by notice to the Company terminate the Facility 3 whereupon such facility (or any part thereof) shall be immediately cancelled and/or declare the total indebtedness to be immediately due and payable to the bank, whereupon it shall become so due and payable.

The outstanding principal of the Facility 3 as at 30 June 2024 amounted to HK\$30 million.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend for 2024 of HK1.0 cent per share (2023: HK1.0 cent per share). The interim dividend will be paid on Friday, 25 October 2024 to the shareholders whose names appear on the register of members of the Company on Tuesday, 8 October 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Monday, 7 October 2024 and Tuesday, 8 October 2024. 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, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 4 October 2024.

By order of the Board
Chen Benguang
Chairman

Hong Kong, 30 August 2024



粵海廣南(集團)有限公司
GDH GUANGNAN (HOLDINGS) LIMITED