SHENGUAN HOLDINGS (GROUP) LIMITED
神冠控股(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00829)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2014	2013
	RMB million	*RMB million*
Financial highlights		
Revenue	**1,403.0**	1,654.5
Gross profit	**769.8**	967.5
Profit before tax	**676.1**	933.8
Income tax expense	**(128.7)**	(162.5)
Profit for the year	**547.5**	771.3
Basic earnings per share, (RMB cents per share)	**16.5**	23.2
Diluted earnings per share, (RMB cents per share)	**16.5**	23.2
Financial ratios		
Gross profit margin	**54.9%**	58.5%
Net profit margin	**39.0%**	46.6%

The board (the "Board") of directors (the "Directors") of Shenguan Holdings (Group) Limited (the "Company") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, "Shenguan" or the "Group") for the year ended 31 December 2014 (the "Year" or the "Period"), which have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The 2014 consolidated annual results of the Group have been reviewed by the audit committee of the Company and approved by the Board on 20 March 2015.

The Board is pleased to propose a final dividend of HK4.1 cents per share. For reference purpose, the closing exchange rate for Renminbi to Hong Kong Dollars as announced by the People's Bank of China at the date of this announcement is RMB0.7926 to HK$1.00. Accordingly, the total amount of final dividend per share equivalent to RMB3.24966 cents, together with the total dividend of HK7.5 cents per share declared in the interim results announcement dated 18 August 2014 (the "Interim Results Announcement") (equivalent to RMB5.954 cents as stated in the Interim Results Announcement), represents a dividend payout ratio of approximately 55.7%.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
REVENUE	*4*	**1,403,008**	1,654,492
Cost of sales		**(633,214)**	(687,010)
Gross profit		**769,794**	967,482
Other income and gains, net	*4*	**38,359**	72,597
Selling and distribution expenses		**(17,743)**	(22,039)
Administrative expenses		**(99,663)**	(77,860)
Finance costs, net	*5*	**(14,610)**	(6,360)
PROFIT BEFORE TAX	*6*	**676,137**	933,820
Income tax expense	*7*	**(128,661)**	(162,543)
PROFIT FOR THE YEAR		**547,476**	771,277
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**1,078**	(10,899)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**548,554**	760,378
Profit attributable to owners of the Company		**547,476**	771,277
Total comprehensive income attributable to owners of the Company		**548,554**	760,378
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE COMPANY	*9*		
Basic (RMB cents per share)		**16.5**	23.2
Diluted (RMB cents per share)		**16.5**	23.2

Details of the dividends for the year are disclosed in note 8 to the results announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,338,270**	1,405,575
Prepaid land lease payments		**122,292**	115,634
Contract in progress		**124,249**	98,082
Deferred tax assets		**52,126**	31,000
Long term prepayments		**6,866**	28,828
Total non-current assets		**1,643,803**	1,679,119
CURRENT ASSETS			
Inventories		**847,065**	500,306
Trade and bills receivables	*10*	**199,639**	218,075
Prepayments, deposits and other receivables		**62,808**	90,145
Held-to-maturity investments		**–**	55,983
Tax recoverable		**–**	17
Pledged deposits		**546,044**	–
Cash and cash equivalents		**399,585**	641,412
Total current assets		**2,055,141**	1,505,938
CURRENT LIABILITIES			
Trade payables	*11*	**98,178**	108,539
Other payables and accruals		**105,467**	170,305
Interest-bearing bank borrowings		**783,144**	200,000
Tax payable		**11,632**	22,255
Total current liabilities		**998,421**	501,099
NET CURRENT ASSETS		**1,056,720**	1,004,839
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,700,523**	2,683,958

	Note	**2014**	2013
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Deferred income		**35,347**	38,029
Deferred tax liabilities		**29,571**	1,871
Total non-current liabilities		**64,918**	39,900
Net assets		**2,635,605**	2,644,058
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*12*	**28,425**	28,584
Reserves		**2,607,180**	2,615,474
Total equity		**2,635,605**	2,644,058

NOTES TO FINANCIAL STATEMENTS

31 December 2014

1. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendments to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendments to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendments to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendments to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments have had no impact on the financial position or performance of the Group.

(d) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(e) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(f) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(g) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(h) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

3. OPERATING SEGMENT INFORMATION

The Group is engaged in the principal business of the manufacture and sale of edible collagen sausage casing products. For management purposes, the Group operates in one business unit based on its products and has one reportable segment which is the collagen casing segment.

No operating segments have been aggregated to form the above reportable operating segment.

Information about geographical areas

Geographical information is not presented since over 90% of the Group's revenue is derived from external customers based in the PRC and over 90% of the Group's non-current assets are located in the PRC. Accordingly, in the opinion of directors of the Company, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

Information about a major customer

For the year ended 31 December 2014, revenue generated from a customer of the Group, exclude value added tax, amounting to RMB478,165,000 (2013: RMB510,178,000) has individually accounted for over 10% of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the year.

An analysis of revenue, other income and gains, net is as follows:

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**1,403,008**	1,654,492
Other income, net		
Bank interest income	**16,283**	13,407
Interest income from held-to-maturity investments	**2,387**	2,790
Sale of dried meat products	**403**	246
Government grants	**5,888**	22,019
Others	**1,392**	2,232
	26,353	40,694
Gains		
Foreign exchange gains	**–**	20,006
Gain on disposal of financial assets at fair value through profit or loss	**12,006**	11,897
	12,006	31,903
Total other income and gains, net	**38,359**	72,597

5. FINANCE COSTS, NET

	2014	2013
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**17,702**	10,193
Arrangement fee	**4,733**	–
Less: Government grants	**(7,825)**	(3,175)
Interest capitalised	**–**	(658)
	14,610	6,360

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2014	2013
	RMB'000	*RMB'000*
Cost of inventories sold	**265,841**	295,456
Depreciation	**89,982**	72,977
Amortisation of prepaid land lease payments	**2,541**	2,355

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year.

Wuzhou Shenguan Protein Casing Co., Ltd. and Wuzhou Shensheng Collagen Co., Ltd., being the Company's wholly-owned subsidiaries, are located in Wuzhou, Guangxi in the Western Region of China and are subject to the region's preferential corporate income tax ("CIT") rate of 15% as set out in the Circular on Issues Concerning Preferential Tax Policies for the Development of Western Regions (Cai Shui 2001 No. 202).

	2014	2013
	RMB'000	*RMB'000*
Group:		
Current tax charge for the year		
– PRC	**121,281**	179,637
– Hong Kong	**806**	–
Deferred tax	**6,574**	(17,094)
Total tax charge for the year	**128,661**	162,543

8. DIVIDENDS

	2014 *RMB'000*	2013 *RMB'000*
Interim dividend – HK4.3 cents (2013: HK4.7 cents) per ordinary share	**112,892**	124,307
Interim special dividend – HK3.2 cents (2013: HK2.8 cents) per ordinary share	**84,012**	74,055
Final dividend proposed subsequent to the reporting period – HK4.1 cents (2013: HK7.0 cents) per ordinary share	**107,369**	183,717
Final special dividend proposed subsequent to the reporting period – Nil (2013: HK4.5 cents) per ordinary share	**–**	118,104
	304,273	500,183

The proposed final dividend subsequent to the reporting period have not been recognised as a liability at the end of the reporting period and are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary owners of the Company of RMB547,476,000 (2013: RMB771,277,000) and the weighted average number of 3,318,848,000 ordinary shares (2013: 3,324,120,000) in issue during the year.

The weighted average number of ordinary shares used in the calculation for the year ended 31 December 2013 is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of 2,912,000 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all potentially dilutive ordinary shares into ordinary shares.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2014 in respect of a dilution as the impact of the share options outstanding had no dilutive effect on the basic earnings per share amounts presented.

10. TRADE AND BILLS RECEIVABLES

	2014 *RMB'000*	2013 *RMB'000*
Trade receivables	**199,601**	222,137
Bills receivable	**13,156**	–
Due from a related company	**5,371**	4,739
Impairment	**(18,489)**	(8,801)
	199,639	218,075

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for certain customers.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	2014 *RMB'000*	2013 *RMB'000*
Within 3 months	**175,759**	208,594
3 to 4 months	**3,824**	4,761
Over 4 months	**20,056**	4,720
	199,639	218,075

11. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**40,680**	74,317
1 to 2 months	**47,412**	30,488
2 to 3 months	**6,317**	437
Over 3 months	**3,769**	3,297
	98,178	108,539

The trade payables are non-interest-bearing and are normally settled on terms of 60 days.

12. SHARE CAPITAL

Shares

	2014	2013
	HK$'000	*HK$'000*
Authorised:		
20,000,000,000 ordinary shares of HK$0.01 each	**200,000**	200,000
Issued and fully paid:		
3,304,016,000 (2013: 3,324,120,000) ordinary shares of HK$0.01 each	**33,040**	33,242
Equivalent to RMB'000	**28,425**	28,584

A summary of movements in the Company's issued share capital is as follows:

	Number of issued and fully paid ordinary shares	**Nominal value of ordinary shares**	**Share premium**	**Equivalent nominal value of ordinary shares**	**Equivalent share premium**	**Equivalent total**
		HK$'000	*HK$'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2013, 31 December 2013, and 1 January 2014	3,324,120,000	33,241	1,330,460	28,584	1,172,520	1,201,104
Cancellation of share repurchased	(20,104,000)	(201)	(47,926)	(159)	(37,967)	(38,126)
Final 2013 dividend	–	–	(232,688)	–	(183,717)	(183,717)
Final special 2013 dividend	–	–	(149,585)	–	(118,104)	(118,104)
Interim 2014 dividend	–	–	(142,206)	–	(112,892)	(112,892)
Interim special 2014 dividend	–	–	(105,828)	–	(84,012)	(84,012)
At 31 December 2014	3,304,016,000	33,040	652,227	28,425	635,828	664,253

MANAGEMENT DISCUSSION AND ANALYSIS

China's macroeconomic environment, slow growth in China's meat industry and the declining prices of fresh pork affected the growth in the sales of domestic processed meat products, together with the renovation of environmental protection facilities, the demand for sausage casings fell short of the expectations. Such factors coupled with the Group's stricter control of credit risks from customers during the Period, affected the sales volume of products to a certain extent. The Group practically developed its business according to its production and operation plans formulated in early 2014 and adhered to the guidance of "consolidating and developing the markets with foci on on-site production management, equipment management and cost management; and at the same time enhancing internal management while increasing the competitiveness of the enterprise." During the Period, in order to cope with the new trend of domestic meat product industry, the Group launched new products from the new production method to cater for the market and sold products from the old production method and other older inventory at discount. The moves resulted in a slight decline in average prices of the Group's products. As for production costs, the Group coped with the upward pressure of various costs accordingly and improved production efficiency and operating efficiency, so as to maintain the profit margins at stable levels. However, these measures still failed to offset the impact caused by the decreases in sales volume and average prices in a short run, which affected the financial results for the whole year.

Nevertheless, the Group's overall financial position remained sound and stable. With the decrease in capital expenditure of the Group during the Year, the Group has sold most of the products from the old production method and other older inventory and has strictly controlled the credit risks from customers, thus stabilizing the operating capital level and maintaining the overall cash flow at a sufficient level. Based on the financial position of the Group, the Board decided to use approximately HK$73,941,000 to repurchase 32,204,000 shares of the Company during the Year, and resolved to declare the payment of a final dividend of HK4.1 cents per share for the year ended 31 December 2014, with an annual payout ratio of 55.7%. The Board will continue to monitor the share price and capital position of the Company and repurchase the shares as appropriate to protect its shareholders' interests.

Market Review

In 2014, China economy attained a new phase on the back of its steady pace of development and consistent progress in its restructuring. According to a preliminary estimate by the National Bureau of Statistics of China, the country's gross domestic product grew by 7.4% and its national disposable income per capita rose by 10.1% to RMB20,167 in 2014.

On the demand side, China's consumption used to be characterized by large volume and the need for emulation, but has now become personalized and diverse. In 2014, the changes in consumers' demand and requirement triggered changes in the product mix and production technique of the meat processing manufacturers. The same thing has also happened in the sausage industry. The consumers have now become more demanding towards sausage casings. In 2014, the meat industry recorded a moderate growth. According to the statistics from the National Bureau of Statistics of China, the combined output of pork, beef, mutton and poultry increased by 2.0% to 85.40 million tons.

As a result of the slow growth in the consumer sector and meat industry, low-temperature products from most meat processing enterprises also underwent a slow growth, hindering the sales of sausage casings. In addition, the dramatic depreciation of currencies in Europe and Japan against Renminbi created opportunities for the import of foreign made sausage casings into the Chinese market, hence intensifying the competition. Most of the domestic meat processing enterprises were not only affected by the economic environment but also saw their capital flows become constrained. The increase in the number of loss-making enterprises in slaughtering and meat processing industries (including the sausage industry) also affected all the industries' development.

Business Review

Product Mix

The Group is principally engaged in the manufacture and sale of edible collagen sausage casings, most of which are used for the production of western sausages. Product innovation and diversification by sausage manufacturers continued to drive the demand for sausage casings of different sizes and fillings. The Group also made great efforts in enhancing internal management, streamlining production processes and improving efficiency. In order to keep pace with the new trend of the domestic meat product industry, the Group extensively launched new products from the new production method that can be applied to more types of sausages fillings to cater for the market in 2014. Currently the new products from the new production method have been widely used by customers and the quality is becoming more stable.

Supply of Raw Materials

Cattle's inner skin is a major raw material for collagen sausage casing production. The supply of cattle's inner skin remained stable in the past few years. It is expected that the supply will remain stable in the coming years as the Group has established good relationships with the suppliers over the years. In order to improve the quality of the finished goods and achieve production cost-effectiveness, the Group started switching to larger pieces of cattle skin for raw material since 2013. The switch in raw material proved to be a success after an adaptation period in 2013 because it stabilized the quality and reduced the costs in 2014.

Moreover, the Group started to produce edible cellulose at full capacity in the second half of 2014 entirely for its internal use. This has helped to ensure the product safety of edible cellulose and to reduce the production costs of sausage casings.

Technological Research & Development

The Group continued to cooperate with customers, participated in the preliminary stages of R&D process of the new sausage products and assisted customers in optimizing their product portfolio. Presently, the Group has successfully developed sausage casings suitable for various sausage fillings. As at 31 December 2014, the Group had 31 valid patents granted by the State Intellectual Property Office in the PRC and 21 patents applications have been accepted by the relevant authorities pending approval. These patented technologies have enabled the Group to distinguish itself from its peers in the market and also become the key entry barrier for new market participants.

As for production technologies, as at 31 December 2014, the Group's production information system project has been certified by the experts from Wuzhou Science Bureau (梧州市科技局), and its heat energy technology has obtained the Technology Advancement Award (科技進步獎) from the Government of Wuzhou. In addition, the two projects of "The Safety Evaluation of Collagen Sausage Casing Production Process" (膠原蛋白腸衣生產加工過程安全性評價) and "The Development of Thin Sausage Casing and the Cultivation of Innovative Enterprises" (薄型腸衣開發與創新型企業培育) were included in the Science and Technology Plan of Guangxi Zhuang Autonomous Region (廣西壯族自治區二零一四年科技計劃). Furthermore, the Group's "Exemplary Project of Industrialized Production of Western Low-temperature Collagen Sausage Casing" (西式低溫膠原蛋白腸衣產業化示範) was included as "Exemplary Project of Industrialization in the National Torch Program 2014 (二零一四年度國家火炬計劃－產業化示範項目)" in October 2014.

Machines Renovation

Mechanization and automation are crucial to ease labor intensity and enhance production efficiency. The Group continued to put more efforts in mechanization and automation in 2014. On one hand, the most labour intensive production process has been machanised. Such change has solved a labor intensity issue which had been outstanding for over 20 years and substantially eased labor intensity of employees. As a result, the number of operators required for each sausage casing finishing production line has been reduced from 1.3 to 1 and the aggregate production staff numbers decreased by approximately 10%. On the other hand, the Group fully promoted the information automation process in the course of production which has basically realized a comprehensive information management in the production process. This will provide prompt and accurate information relating to the production and enhance the labor efficiency, and provide gist for data research for the collagen industry 4.0.

Quality Control

The advantage of quality control is particularly important in view of the increasing public concern over food safety. The Group strictly controls over each production step to ensure that its products are of high quality and has complied with all safety requirements before being delivered to customers.

The Group has passed the assessments of ISO9001:2008 Quality Management System, ISO22000:2005 Food Safety Management System, and has obtained the QS Food Production Permit. It has also registered with Food and Drug Administration ("FDA") in the United States for products to be exported to the United States. In addition, the production of all of the Group's products have strictly complied with China's national standards (GB14967–94), sausage casing manufacturing industry standards (SB/T10373–2012) and the filed corporate standards (Q/WZSG0001S-2012). All these certifications are recognition to the Group as being a trustworthy product supplier to its customers. The Group's examination centre for the assessment of raw materials and finished goods continues to operate efficiently. The Group has built a comprehensive examination system which further enhances the scope and techniques of examination so as to ensure the safety and quality of the products. Currently, the Group's examination centre is able to examine over 200 indicators including heavy metal and microelement, pesticide residues, microorganism and protein, and has obtained Qualification Accreditation of Food Inspection Agencies and Metrological Certification. It is currently applying for the qualification for the status of an independent inspection institution. In November 2014, the Group was awarded the First Session of Wuzhou Mayor Quality Prize.

Customer Relationship

The Group is committed to developing a long-term cooperation relationship with its business partners. After years of cooperation with its business partners based on mutual trust, the Group has established a sophisticated customer network. Over the years, the Group has established its closely-knit yet extensive network of leading manufacturers of processed meat products and sausages, not only in China, but also in various overseas markets, such as South America, Southeast Asia and the United States. In 2014, the Group continued to supply high quality sausage casing products to a number of renowned food suppliers in China. The number of domestic customers continued to increase.

FINANCIAL ANALYSIS

Revenue

Revenue decreased by 15.2% to approximately RMB1,403.0 million in 2014 from approximately RMB1,654.5 million in 2013. Both the sales volume of collagen casings and the average selling price decreased during the Year. Due to China's macroeconomic environment and the declining prices of fresh pork, growth in sales of processed meat products was hindered, together with the renovation of environmental protection facilities, the demand for sausage casings was below expectation. All these factors, together with strict control on customer credit risk during the Period, resulted in a decrease in sales volume. In addition, as the Group has improved the production technique since the second half of 2013, in order to produce new products to better meet the market demand. Thus, the Group sold products from the old production methods and other relatively old inventories at discount in 2014, which caused a decline in the average selling price when compared to that in 2013.

Cost of sales

Cost of sales decreased by 7.8% to approximately RMB633.2 million in 2014 from approximately RMB687.0 million for 2013, mainly attributable to a decrease in the sales volume. Costs of raw material declined by 10.0% to approximately RMB265.8 million, and utilities expense decreased by 10.1% to approximately RMB156.9 million.

The production automation implemented by the Group enhanced the production efficiency and lower the need of labour. As at the end of 2014, the Group had a total of approximately 3,570 contract employees, representing a decrease of approximately 330 contract employees as compared to that of the end of 2013. Based on the financial accounts of the Company, the direct labor costs increased by 3.0% to approximately RMB108.7 million, which was in fact due to the Group has made use of the balance of the staff rewards and welfare funds of approximately RMB19.2 million as the payment of labor expenses in 2013. Excluding such factor, the direct labor costs decreased by 12.9%.

Gross profit

Gross profit decreased by 20.4% to approximately RMB769.8 million in 2014 from approximately RMB967.5 million in 2013. The gross profit margin decreased from approximately 58.5% in 2013 to approximately 54.9% this year. Such decrease was mainly caused by the sales of the Group's products from the old production method and other relatively old inventories at discount.

Other income and gains

Other income and gains decreased by 47.2% to approximately RMB38.4 million in 2014 from approximately RMB72.6 million in 2013. In 2013, as Renminbi had appreciated against Hong Kong dollars, a foreign exchange gain of approximately RMB20.0 million caused by the currency revaluation of intercompany current account and payment for dividend was recorded. No such gain resulted from depreciation of Renminbi against Hong Kong dollars was recorded for the same period of 2014. In addition, income from government grants decreased by approximately RMB16.1 million.

Selling and distribution costs

Selling and distribution expenses decreased by 19.5% to approximately RMB17.7 million in 2014 from approximately RMB22.0 million in 2013. Selling and distribution expenses accounted for 1.3% of the turnover in 2014, the same as that in 2013.

Administrative expenses

Administrative expenses increased by 28.0% to approximately RMB99.7 million in 2014 from approximately RMB77.9 million in 2013. The increase in administrative expenses was mainly due to the use of the balance of staff rewards and welfare funds by the Group to pay part of the employee benefits in 2013, which resulted in a decrease of approximately RMB3.7 million in salaries and benefit expenses in the administrative expenses in 2013. In addition, provision of approximately RMB9.7 million was made for trade receivables, representing an increase of approximately RMB9.2 million when compared to that in 2013. Moreover, consultancy fee increased by approximately RMB3.7 million because the Group seized opportunities for business expansion.

Finance costs

Finance costs increased by 129.7% to approximately RMB14.6 million in 2014 from approximately RMB6.4 million in 2013. Such increase was mainly caused by two new bank borrowings of HK$634 million in aggregate (equivalent to approximately RMB500.1 million), which were secured by three fixed deposits totalling RMB546.0 million. Please refer to the sub-section headed "Cash and bank borrowings" under the section "Liquidity and Capital Resources" for the arrangements in details. The above arrangements are collectively referred to as "Mainland onshore guarantee for offshore loan". As a result of the increase in borrowings, the interest expenses and the bank facilities charges increased by approximately RMB7.5 million and approximately RMB4.7 million, respectively. On the other hand, however, the government subsidy for interest increased by approximately RMB4.6 million, which partially offset the increase in interest expenses and charges.

Income tax expenses

Income tax expenses were approximately RMB128.7 million in 2014, as compared to approximately RMB162.5 million for the same period of 2013. The Company's major operating subsidiaries, Wuzhou Shenguan Protein Casing Co., Ltd. (梧州神冠蛋白腸衣有限公司) ("Wuzhou Shenguan") and Wuzhou Shensheng Collagen Products Co., Ltd. (梧州市神生膠原製品有限公司) ("Shensheng Collagen") enjoyed a preferential tax treatment because of their location in Western China which had been earmarked by the Central Government of the PRC for its Western Region Development Campaign as well as their engagement in policy encouraged industries. The applicable tax rate for Wuzhou Shenguan and Shensheng Collagen was 15%.

The effective corporate income tax rates applied to the Group was 17.4% in 2013 and 19.0% in 2014. The difference between the effective tax rate and the applicable tax rate was mainly due to the withholding tax levied on dividends declared and paid by Wuzhou Shenguan to its holding companies incorporated in Hong Kong.

Profit attributable to owners of the Company

In view of the aforesaid reasons, profit attributable to owners of the Company decreased by 29.0% to approximately RMB547.5 million in 2014 from approximately RMB771.3 million in 2013. With the exclusion of the effect of the foreign exchange gain caused by the currency revaluation of intercompany current account and payment for dividend, and the government grants (both were included in other income and gains), which were relatively material in amount but were not under the control of the Group, and the effect of payment for part of staff benefits with the balance of staff awards and welfare funds in 2013, the net profit decreased by approximately 23.9% as set out in the table below:

	2014	2013
	RMB'000	*RMB'000*
Profit attributable to owners of the Company	**547,476**	771,277
Less: Foreign exchange gains in other income and gains	**–**	(20,006)
Less: Government grants in other income and gains	**(5,888)**	(22,019)
Add: Tax Effect of government grants	**883**	3,303
Less: Utilization of staff rewards and welfare funds	**–**	(32,690)
Add: Utilization of staff rewards and welfare funds (allocated to finished goods)	**–**	9,742
Add: Tax effect of utilization of staff rewards and welfare funds	**–**	3,442
Profit attributable to owners of the Company after adjustment for the items above	**542,471**	713,049

LIQUIDITY AND CAPITAL RESOURCES

Cash and bank borrowings

The Group generally finances its operations and capital expenditure with internally generated cash flows as well as bank borrowings provided by its principal bankers.

As at 31 December 2014, the cash and cash equivalents together with the pledged deposits amounted to approximately RMB945.6 million, representing an increase of approximately RMB304.2 million from the end of 2013. Among these balances, 95.0% was denominated in Renminbi and the remaining 5.0% was denominated in Hong Kong dollars and U.S. dollars.

As at 31 December 2014, the total bank borrowings of the Group amounted to approximately RMB783.1 million (as at 31 December 2013: approximately RMB200.0 million), and all the bank borrowings were wholly repayable within one year, of which the total bank borrowings denominated in Renminbi were RMB283.0 million, while the total bank borrowings denominated in Hong Kong dollars were HK$634.0 million (equivalent to approximately RMB500.1 million). The two bank borrowings denominated in Hong Kong dollars were subject to an interest rate of HIBOR plus 1% and 1.3% per annum, respectively, and were secured by three fixed deposits (totalling RMB546.0 million) which were denominated in Renminbi and bearing the fixed interest rates of 5.225%, 4.675% and 2.6% per annum respectively. The two bank borrowings above and the corresponding security of the pledged fixed deposit, which were collectively referred to as "Mainland onshore guarantee for offshore loan" in the banking industry, can still bring returns to the Group due to interest spread even after the handling fee paid to the banks.

The Group was in a net cash position (cash and cash equivalents together with pledged deposits less total bank borrowings) of approximately RMB162.5 million as at 31 December 2014. The debt-to-equity ratio was 29.7% as at 31 December 2014 (as at 31 December 2013: 7.6%). The debt-to-equity ratio was calculated by dividing the total bank borrowings by the total equity.

Cash flows

In 2014, approximately RMB280.8 million was generated from the operating activities and approximately RMB10.7 million from financing activities, while the net amount spent on investing activities was approximately RMB423.4 million. Net cash inflow from financing activities was mainly related to the combined effects of new bank borrowings and repayment of bank borrowings, which was partly offset by the payment of final dividend for 2013, payment of interim dividend for 2014 and share repurchase. Net cash outflow from investing activities was mainly related to the purchase of property, plant and equipment, and a cash outflow related to the addition of a pledged fixed deposits, which is not classified as cash and cash equivalent in the statements of cash flow under the accounting standards, thus being defined as a cash outflow in the statement of cash flows.

Exposure to exchange risks

The Group mainly operates in mainland China with most of its transactions settled in Renminbi. The assets and liabilities, and transactions arising from the operations were mainly denominated in Renminbi. Although the Group may be exposed to foreign currency exchange risks, the Board believes that the future currency fluctuations will not have any material impact on the Group's operations. The Group had not adopted formal hedging policies.

Capital expenditure

The capital expenditure of the Group during the Year amounted to approximately RMB61.2 million (2013: approximately RMB253.8 million) and capital commitments as at 31 December 2014 amounted to approximately RMB119.4 million. Both the capital expenditure and capital commitments were mainly related to the improvement and enhancement of production facilities. The Company has budgeted around RMB180.0 million for capital expenditure for 2015 which will be used for the establishment of a research and development centre, investment in production facilities and research and development of collagen-related products.

Pledge of assets

As at 31 December 2014, bank deposits of RMB546.0 million was pledged to secure bank borrowings totalling HK$634.0 million (equivalent to approximately RMB500.1 million).

Contingent liabilities

As at 31 December 2014 and up to the date of this announcement, the Group was not aware of any material contingent liabilities.

Acquisitions, Disposals and Significant Investment

During the Year, there was no material acquisition, disposal or investment by the Group.

Human resources

As at 31 December 2014, the Group had approximately 3,570 contract employees. During the Period, the remuneration and employees' benefit expenses charged to profit and loss were approximately RMB137.3 million (2013: approximately RMB132.6 million). In order to attract and retain high quality talents to ensure smooth operation and support the Group's continuing expansion, the Group offers competitive remuneration packages after considering the market conditions and individual qualifications and experience.

Some of the Directors and members of the senior management were granted share options under the Company's share option scheme. Such scheme has been put in place to incentivize employees, and to encourage them to enhance the value and promote the long-term growth of the Group.

AWARDS

Wuzhou Shenguan's "Research on Recycling Waste Heat Using Heat Pump Technology (利用熱泵技術進行餘熱回收研究)" program won the Wuzhou Science and Technology Advancement Second Prize (梧州市科學技術進步二等獎) in June 2014, and was awarded the honour of the "Leading Enterprises in China Meat Industry 2014 (2014中國肉類食品行業強勢企業)" by China Meat Association at the same time. The Group was also conferred "The 9th CAPITAL Outstanding China Enterprise Awards – Outstanding Enterprise of China Meat Food Industry (第九屆資本傑出中國企業成就獎－資本中國傑出肉類食品企業)" by Capital Magazine (資本雜誌) last July. Wuzhou Shenguan was granted the titles of "Guangxi's Excellent Enterprises (廣西優秀企業)" and "Guangxi's Top 100 Enterprises (廣西企業100強)" respectively in July. The Group has kept the title of "Guangxi Famous Brand Products (廣西名牌產品)" for its collagen protein sausage casing under the "SHENGUAN" label since 1994 until now. In addition, the Group was awarded the title of "Hong Kong Outstanding Enterprises 2014 (2014香港傑出企業)" by Economic Digest (經濟一週) last October, and was awarded "The Excellence of Listed Enterprise Awards (傑出上市企業大獎)" by Capital Weekly (資本壹週) last December. Those awards demonstrated the community's recognition of the Group's continuous efforts and achievements in its development. We will continue to fulfill our responsibilities and increase our brand value in the future.

PROSPECTS AND STRATEGIES

For the year 2015, which is the last year of China's "Twelfth Five-year Plan", will be the critical time for China to make an all-out effort to forge ahead with reform. The Central Economic Working Conference and Government Work Report 2015 have already set the goal of achieving steady progress in the country's development. As the country's economy has reached a new phase, the Chinese government will adopt new policies to stimulate consumption, making domestic demand the driver of the national economy. Mode of consumption will gradually become more diverse.

China's sustained economic expansion, ongoing urbanization, and rising household income will continue to drive the growth of the country's food industry. The execution of the state plan on new mode of urbanization for the period of 2014 to 2020 will accelerate the process. This, coupled with improvement of living standards and the change to the lifestyle of both the urban and rural residents, will stimulate the demand for meats, driving the overall consumption of processed meat products. On the other hand, the country is stepping up its economic restructuring, increasing its industrialization and the mechanization of its industries. The China Meat Association advocates that the meat enterprises change their mode of operation and restructure their businesses with the aim of enhancing the quality and efficiency of their development. It also states that enterprises should cease indiscriminate and rapid overexpansion, and adapt themselves to the conditions of the country's moderate economic growth. All these developments will foster the industry's healthy and steady development.

The production base of the Group is situated in Guangxi, which enjoys the national preferential policy on developing the country's western regions. According to the approval granted by the State Council for the Pearl River-West River economic belt which has been raised to the national strategic level the Group will be able to enjoy the preferential policies of the economic zone in the meantime, and is ready to grasp new opportunities for development. It is optimistic about the outlook of the market for collagen protein sausage casing products.

A new environment protection law was duly implemented in China in 2015, which sets out more stringent requirement in environment protection. As a result, obsolete environmental protection facilities could no longer meet the regulatory requirements. Similar to restriction and shut-down of small paper plant and electricity plant by the nation in the past, many small-scale gelatin production enterprises and sausage casing companies will face greater pressure, which bring new and promising development prospect for companies with sufficient funds and advanced environment protection technologies.

Health industry will gradually become a strategic and pillar industry in China. As the key components of health industry, quality food, health care products and medications have a bright future. The application and research of collagen in food, health care products and medications is developing rapidly. As the largest collagen enterprise equipped with unique technologies in China, the Group has more than 30 years of extensive experience in collagen research and development and taking the opportunity to create the collagen industry 4.0. Riding on its core technology in collagen, the Group is dedicated to build a safe, reliable and standardized production base designed for collagen material required by health industry, actively promote Industry 4.0 for collagen production to upgrade and transform the collagen industry and proactively promote the application of collagen in food, health care products and medications.

As the largest edible collagen protein sausage casing manufacturer in China, the Group is committed to maintaining its leading position in the industry. In 2015, the Group will enhance its overall competitiveness with collagen technology as its core competence by developing its businesses with perseverance and innovation and by enhancing its management and creating health business. Specifically, it will strengthen its leading position in China's market for collagen sausage casings and diversify its businesses.

Coupled with the increasing economic strength of China, a growing number of Chinese enterprises are seeking overseas merger opportunities, which will help the Group explore new overseas markets. The Group will grasp opportunities to expand its export sales. In addition, the Group will take full advantage of changes in the market and adopts flexible sales measures in order to maintain its leading position amid the competition with foreign competitors and domestic small-scale participants. As most of the products from the old production method and other older inventories have been sold out during 2014, the Group is more confident in its sales in 2015.

The Group strictly controls the recurring expenses, enhances the operating efficiency, raises the level of automation of the existing production lines and optimizes the energy-saving facilities in order to improve the operating efficiency at all of its production bases and save the human resources. In addition to saving the unit energy cost by the continuous use of the fourth-generation heat energy system, the Group will arrange the production in accordance with the seasons to reduce the energy consumption. Furthermore, it will regulate the utilization rate and increase period for the maintenance of the equipment to improve the product quality on one hand, and reduce the inventories to free up working capital on the other hand. In 2015, the Group has entered into stable raw material supply agreements with its raw material suppliers. The Group expects that the production costs will also remain stable in the year 2015.

Technology and product innovation are the key to the Group's success. Capitalizing on its core technologies of collagen and the most advanced collagen product examination centre, in addition to the continuous development and innovation in respect of existing sausage casing products, the Group will fully utilize the production qualifications and capabilities of medications and health care products of Guangxi Wuzhou Sanjian Pharmaceutical Company Limited (廣西梧州三箭製藥有限公司) ("Sanjian Pharmaceutical") which was acquired by the Group in 2015 as a platform to actively develop collagen material required by production of food, health care products and medications and promote the application of collagen products in health industry including edible gelatin, medicinal gelatin and cosmetics sector.

The Group plans to incur a capital expenditure of approximately RMB180.0 million in 2015 in the renovation of production equipment as well as in the extraction, and research and development of edible collagen to expand the usage of its core technology. The Group will also identify relevant companies or projects that have development potentials in the market for possible acquisitions, shareholding and investment, so as to develop the health business with collagen technology as its core competence.

The Group strongly believes that with its core technology of collagen and the implementation of products diversity strategy, its endeavors in technology innovation, products innovation and better corporate management will promote the sustainable development of the corporate and generate good returns to its shareholders.

EVENTS SUBSEQUENT TO THE PERIOD UNDER REVIEW

On 26 January 2015, Wuzhou Shenguan entered into an equity transfer agreement with Mr. Sha Shuming ("Mr. Sha"), the spouse of Ms. Zhou Yaxian ("Ms. Zhou"), an executive Director and one of the controlling shareholders of the Company, pursuant to which Mr. Sha agreed to sell and Wuzhou Shenguan agreed to purchase the entire equity interest in Sanjian Pharmaceutical at a consideration of RMB4.81 million. Upon completion of the acquisition, Sanjian Pharmaceutical will become a wholly-owned subsidiary of Wuzhou Shenguan. For details of the acquisition of Sanjian Pharmaceutical, please refer to the announcement of the Company dated 26 January 2015.

On 12 February 2015, the Company entered into the warrant placing agreement with China Investment Securities International Brokerage Limited (the "Placing Agent") in relation to the warrant placing, pursuant to which the Placing Agent agreed to place, on a best effort basis, up to 160,000,000 warrants conferring rights to subscribe for up to 160,000,000 warrants shares at the warrant exercise price of HK$3.00 per warrant share (subject to adjustment) to not less than six warrant placees who and their respective ultimate beneficial owners are independent third parties. Each warrant carries the right to subscribe for one warrant share. The warrants are to be placed at HK$0.001 each. The warrant shares will be allotted and issued under the general mandate granted to the Directors at the annual general meeting held on 19 May 2014. For details of the issuance of warrant shares, please refer to the announcements of the Company dated 12 February 2015 and 26 February 2015, respectively.

OTHER INFORMATION

Dividends

The Board recommended the payment of a final dividend of HK4.1 cents per ordinary share in respect of the Year to the shareholders whose names appear on the register of members of the Company on 27 May 2015 out of the share premium account of the Company. Subject to the approval by the shareholders at the forthcoming annual general meeting, it is expected that the final dividend will be paid on or around 10 June 2015.

Closure of register of members

For the purposes of determining the shareholders' eligibility to attend and vote at the forthcoming annual general meeting to be held on 18 May 2015 (Monday), the register of members of the Company will be closed from 13 May 2015 (Wednesday) to 18 May 2015 (Monday), both dates inclusive. The latest time to lodge transfer documents for registration will be at 4:30 p.m. on 12 May 2015 (Tuesday). For determining entitlement to the final dividend (if approved at the forthcoming annual general meeting), the register of members of the Company will be closed from 22 May 2015 (Friday) to 27 May 2015 (Wednesday), both dates inclusive. The record date will be 27 May 2015 (Wednesday). The latest time to lodge transfer documents for registration will be at 4:30 p.m. on 21 May 2015 (Thursday). During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the forthcoming annual general meeting, and to qualify for the final dividend (if approved at the forthcoming annual general meeting), all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the dates and times stated above respectively.

Purchase, Redemption or Sale of Listed Securities of the Company

During the Year, the Company purchased certain of its shares on the Hong Kong Stock Exchange and certain of these shares were subsequently cancelled by the Company. The summary details of those repurchases during the Year are as follows:

Month	Number of shares repurchased	Number of shares cancelled	Price per share Highest	Price per share Lowest	Total price paid
			HK$	*HK$*	*HK$*
September 2014	17,000,000	17,000,000	2.67	2.30	41,330,000
October 2014	2,300,000	2,300,000	2.40	2.08	5,060,000
November 2014	804,000	804,000	2.19	2.14	1,737,000
December 2014	12,100,000	12,100,000 *(Note)*	2.21	2.02	25,814,000
	32,204,000	32,204,000			73,941,000

Note: The 12,100,000 shares repurchased during December 2014 was subsequently cancelled on 6 February 2015.

32,204,000 of the shares repurchased during the Year were subsequently cancelled and HK$73,941,000 was paid for the repurchases of shares.

The purchase of the Company's shares during the Year was effected by the directors, pursuant to the mandate from shareholders received at the last annual general meeting held in 2014, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

Model Code Set Out in Appendix 10 to the Listing Rules

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company has also adopted the Model Code for the members of senior management of the Group.

The Company has made specific enquiry with all the Directors and all the Directors have confirmed that they have complied with the Model Code during the Period. Moreover, no incident of non-compliance of the Model Code by the senior management was noted by the Company.

Corporate Governance Code

Save as disclosed below, the Company had complied with all the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules during the Period.

Under code provision A.2.1 of the Code, the roles of chairman and the chief executive should be separate and should not be performed by the same individual.

Ms. Zhou Yaxian, who acts as the chairman and the president of the Company, is also responsible for overseeing the general operations of the Group, but no chief executive officer appointed and the daily operations of the Group are delegated to other executive Directors, the management and various department heads. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The roles of the respective executive Directors and senior management, who are in charge of different functions complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently.

The Company understands the importance to comply with the code provision A.2.1 of the Code and will continue to consider the feasibility of appointing a separate chief executive. The Company will make timely announcement if the chief executive has been appointed.

Audit committee

The audit committee of the Board had reviewed the consolidated annual results of the Company for the Year and considered that the Company had complied with all applicable laws, accounting standards and requirements, and had made adequate disclosure.

By Order of the Board
Shenguan Holdings (Group) Limited
Zhou Yaxian
Chairman

Hong Kong, 20 March 2015

As at the date of this announcement, the executive Directors are Ms. Zhou Yaxian, Mr. Shi Guicheng, Mr. Ru Xiquan and Mr. Mo Yunxi; the non-executive Director is Mr. Low Jee Keong; and the independent non-executive Directors are Mr. Tsui Yung Kwok, Mr. Meng Qinguo and Mr. Yang Xiaohu.