GDH

GUANGNAN (HOLDINGS) LIMITED

廣南(集團)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1203)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

Financial highlights for the year ended 31 December

	2014	2013	
	HK$'000	HK$'000	Change
Turnover	**3,412,505**	3,493,934	-2.3%
Profit from operations	**159,255**	186,257	-14.5%
Profit attributable to shareholders	**144,895**	173,880	-16.7%
Earnings per share – Basic	**HK 16.0 cents**	HK 19.2 cents	-16.7%
Dividend per share			
Interim	**HK 2.0 cents**	HK 2.0 cents	
Proposed final	**HK 2.5 cents**	HK 2.0 cents	
	HK 4.5 cents	HK 4.0 cents	12.5%

CHAIRMAN'S STATEMENT

I hereby report to the shareholders that Guangnan (Holdings) Limited (the "Company") and its subsidiaries (the "Group") recorded a consolidated profit attributable to equity shareholders of the Company of HK$144,895,000 in 2014, representing a decrease of 16.7% compared with HK$173,880,000 in 2013. The basic earnings per share was HK 16.0 cents, representing a decrease of 16.7% from HK 19.2 cents in 2013.

Dividend

The Board of Directors of the Company (the "Board") recommends the payment of a final dividend of HK 2.5 cents per share for the year 2014. The abovementioned final dividend for 2014, subject to the approval by the shareholders of the Company at the annual general meeting, is expected to be paid on 22 June 2015.

Business Review

In 2014, all major business segments of the Group recorded a decrease in both turnover and profit. The Group's consolidated turnover was HK$3,412,505,000, representing a decrease of 2.3% from HK$3,493,934,000 in 2013. Profit from operations was HK$159,255,000, representing a decrease of 14.5% from HK$186,257,000 in 2013.

In respect of our tinplating business, with more new tinplating production lines operated by other companies in Mainland China commencing production, the excess of supply over demand in the iron and steel industry and intense competition, all these placed significant pressure on the sales of tinplate products and the selling price of tinplate products decreased during the year. As the rate of decrease in the cost of raw materials was more than that in the selling price of tinplate products, gross profit for 2014 increased as compared to that in 2013. However, due to the depreciation of Renminbi against the Hong Kong Dollar and the United States Dollar during the year, an exchange loss was recorded for the year. Hence, profit of the Group's tinplating business decreased as compared to that in 2013.

As to the fresh and live foodstuffs business, the turnover of the fresh and live foodstuffs business recorded a decrease, mainly due to the impact of avian flu on our distribution and sales of live poultry business resulting in the suspension of import of live poultry into Hong Kong during the year. Given the devoted efforts of our operation team and premium quality sources of goods from major suppliers, the Group actively maintained the market supply and the overall market share in the live pigs supply into Hong Kong remained at about 46%. This provided a relatively steady contribution to the earnings of the Group.

In respect of the property leasing business, in line with the increase in the valuation of office units in Hong Kong in 2014, net valuation gains on investment properties of HK$37,910,000 (2013: HK$45,846,000) were recorded by the Group.

For the associates, as a result of the sluggish demand of the major products, corn starch, of Yellow Dragon Food Industry Co., Ltd., an associate of the Group, sales volume decreased. Through various control measures on costs and expenses, it turned from a loss in 2013 to a profit in 2014. On the other hand, the decrease in the price of live pigs led to losses being incurred by one of the associates which is engaged in pig farming and sales of pigs.

Prospects

Currently, the recovery of the European and US economies is slow, while the economic growth rate in Mainland China reduced. With more new tinplating production lines operated by other companies in Mainland China commencing production, there is substantial pressure on the sales of tinplate products and there will be more challenges in the operating environment in future. Renminbi depreciated against the United States Dollar in the first half of 2014, although it stabilised in the second half of 2014, it depreciated again in recent months. It is expected that the exchange rate of Renminbi will continue to fluctuate in both directions and will have an impact on the Group's earnings. In respect of the tinplating business, the Group will strive to increase production and sales volume and achieve economies of scale. Meanwhile, we will also actively transform and upgrade our business and start a new round of development. The Group is constructing a new tinplating production line with an annual production capacity of 150,000 tonnes, in order to improve the standard of production equipment and product quality. In addition, it will endeavour to bring in innovation in management and technology in order to further strengthen our core competitiveness. New coating and printing production lines have commenced operation consecutively by the end of 2014, while it is expected that the new tinplating production line will commence operation in the second half of 2015. As to the fresh and live foodstuffs business, in order to further improve our quality services, we will consolidate and develop our business chain operation. Through enhancing our supply chain management, we will continue to explore new and stable sources of supply for live pigs, ensure market supply and increase turnover. By leveraging on our sound financial position and abundant capital resources, we will continue to explore and capture various opportunities for development and strategic cooperation so as to promote the business of the Group to a new level.

Tan Yunbiao
Chairman

Hong Kong, 26 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Tinplating

Zhongshan Zhongyue Tinplate Industrial Co., Ltd. ("Zhongyue Tinplate") is a wholly-owned subsidiary of the Company. The Company holds a 66% interest in Zhongyue Posco (Qinhuangdao) Tinplate Industrial Co., Ltd. ("Zhongyue Posco") while the remaining 34% is held by POSCO Co., Ltd., an internationally renowned iron and steel enterprise. Currently, the annual production capacity of tinplate products and blackplates of the Group is 470,000 tonnes and 150,000 tonnes respectively, of which 220,000 tonnes of tinplate products and 150,000 tonnes of blackplates are from Zhongyue Tinplate's capacity, whereas 250,000 tonnes of tinplate products are from Zhongyue Posco's capacity.

In 2014, the Group produced 392,594 tonnes of tinplate products, representing an increase of 2.8% as compared to that in 2013. Among which, Zhongyue Tinplate and Zhongyue Posco produced 217,980 tonnes and 174,614 tonnes respectively. In addition, the blackplate manufacturing plant of Zhongyue Tinplate produced 132,743 tonnes of blackplates, a decrease of 5.2% as compared to that in 2013, providing a steady supply of raw materials (i.e. blackplates) for its production of tinplate products. The Group's tinplating plants in northern and southern China sold 397,137 tonnes of tinplate products, an increase of 2.6% as compared to that in 2013, of which, Zhongyue Tinplate and Zhongyue Posco sold 223,006 tonnes and 174,131 tonnes of tinplate products respectively, an increase of 6.2% and a decrease of 1.8% respectively as compared to that in 2013. Turnover was HK$3,074,926,000, a decrease of 2.0% as compared to that in 2013 and profit from operations was HK$74,473,000, a decrease of HK$16,929,000 or 18.5% as compared to that in 2013. The tinplating business accounted for 90.1% and 46.8% of the Group's turnover and profit from operations respectively.

In 2014, with more new tinplating production lines operated by other companies in Mainland China commencing production, the excess of supply over demand in the iron and steel industry and intense competition, all these placed significant pressure on the sales of tinplate products and the selling price of tinplate products decreased during the year. As the rate of decrease in the cost of raw materials was more than that in the selling price of tinplate products, gross profit for 2014 increased as compared to that in 2013. However, due to the depreciation of Renminbi against the Hong Kong Dollar and the United States Dollar during the year, an exchange loss was recorded for the year. Hence, profit of the Group's tinplating business decreased as compared to that in 2013. Through the pursuit of more flexible payment methods with its suppliers, the Group successfully increased liquidity of its working capital and bank deposits. Interest income significantly increased accordingly. Sales volume was also stabilised by capitalising on the favourable position in capital management, adopting selling prices more comparable to the market rates and adopting effective control in trade receivables' management. The Group continued the implementation of full budgetary control, strengthening of the internal control and improving its human resources management system by streamlining human resources, improving efficiency and optimising performance management. It also promoted energy saving, waste reduction and efficiency optimisation. All these in turn mitigated the pressure on the Group regarding the decrease in the selling prices of tinplate products and the surge in various operating costs. During the year, Zhongyue Tinplate passed the Food Safety System Certification (FSSC 22000), incubating new strengths for our business of metallic packaging for food.

Tinplating (Continued)

As the tinplating factory in Zhongshan is operating at full capacity, in order to accelerate the transformation and upgrade of our business, the Group re-occupied certain plants in our factory area in Zhongshan, which were previously let out, to construct a new tinplating production line with an annual production capacity of 150,000 tonnes, together with expansion of the relevant coating and printing production lines. Besides, Zhongyue Posco has also acquired coating and printing production lines. It is estimated that the total investment cost of these production lines will be approximately RMB265 million (equivalent to approximately HK$336 million). These new production lines will enable the Group to improve the standard of production equipment and product quality and refine the product mix. It will also facilitate the development of new products and strengthen our core competitiveness. These coating and printing production lines have commenced operation consecutively by the end of 2014, while it is expected that the new tinplating production line will commence operation in the second half of 2015. By that time, the annual production capacity of tinplate products, blackplates and coated and printed tinplates of the Group's factories in northern and southern China will become 620,000 tonnes, 150,000 tonnes and 100,000 tonnes respectively.

Fresh and Live Foodstuffs

Guangnan Hong Company Limited ("Guangnan Hong") is a wholly-owned subsidiary of the Company. Guangnan Hong holds a 51% interest in Guangnan Live Pigs Trading Limited, a 16.12% (31 December 2013: 15.20%) interest in an associate, Hubei Jinxu Agriculture Development Co., Ltd. ("Hubei Jinxu"), and a 34% interest in an associate, Guangdong Zijin Baojin Livestock Co., Ltd. ("Guangdong Baojin"). In July 2014, the shares of Hubei Jinxu were listed on the National Equities Exchange and Quotations in Mainland China. Besides, in February 2015, Hubei Jinxu issued new shares to a new investor. After the issuance, the Group's equity interest in Hubei Jinxu was diluted from 16.12% to 15.45%.

In 2014, the turnover of the fresh and live foodstuffs business amounted to HK$315,293,000, representing a decrease of 4.6% as compared to that in 2013. Together with the share of losses less profits of associates, Hubei Jinxu and Guangdong Baojin, of HK$10,455,000, segment profit was HK$75,174,000, representing a decrease of 20.5% as compared to that in 2013. Turnover of the fresh and live foodstuffs business decreased mainly due to the impact of avian flu on our distribution and sales of live poultry business resulting in the suspension of import of live poultry into Hong Kong during the year. On the other hand, the decrease in the price of live pigs led to losses being incurred by one of the associates, which is engaged in pig farming and sales of pigs. Through continuous optimisation of the business workflow, the Group proactively strengthened its communication with governmental authorities, suppliers, industry participants and customers. Service standards were enhanced as a result. The Group also actively maintained the market supply. The overall market share in the live pigs supply into Hong Kong was about 46%. This provided a relatively steady contribution to the earnings of the Group. The gradual expansion in the scope of pig farming of Hubei Jinxu and Guangdong Baojin helps the Group to consolidate premium quality sources of live pigs and build a solid business chain for the fresh and live foodstuffs business.

Property Leasing

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

In 2014, turnover from the property leasing business of the Group was HK$22,286,000, a decrease of 18.1% as compared to that in 2013. Profit from operations of leasing properties amounted to HK$14,582,000, a decrease of 15.6% as compared to that in 2013. In line with the increase in the valuation of office units in Hong Kong in 2014, net valuation gains on investment properties of HK$37,910,000 (2013: HK$45,846,000) were recorded by the Group.

Yellow Dragon

In 2014, Yellow Dragon Food Industry Co., Ltd. ("Yellow Dragon"), an associate of the Group, recorded sales volume of 387,772 tonnes of its major product, corn starch, a decrease of 8.2% as compared to that in 2013. Turnover was HK$2,064,539,000, a decrease of 3.9% as compared to that in 2013. Through various control measures on costs and expenses implemented by Yellow Dragon, it turned from a loss of HK$10,058,000 in 2013 to a profit of HK$12,429,000 in 2014. As the Company holds a 40% interest in Yellow Dragon, the Group's share of profit was HK$4,972,000 (2013: share of loss of HK$4,023,000).

FINANCIAL POSITION

As at 31 December 2014, the Group's total assets and total liabilities amounted to HK$3,678,804,000 and HK$1,071,364,000, representing an increase of HK$372,830,000 and HK$267,836,000 respectively when compared with the positions at the end of 2013. Net current assets increased from HK$1,011,345,000 at the end of 2013 to HK$1,460,331,000. The current ratio (current assets divided by current liabilities) increased from 2.3 at the end of 2013 to 3.3.

Liquidity and Financial Resources

As at 31 December 2014, the Group maintained cash and cash equivalents of HK$1,070,798,000, of which an amount of HK$827,744,000 was denominated in Renminbi and HK$145,745,000 was denominated in United States Dollars while the remaining balance was denominated in Hong Kong Dollars. Cash and cash equivalents increased by 60.1% from the end of 2013. Interest income also increased from HK$16,322,000 in 2013 by 95.8% to HK$31,958,000 in 2014.

As at 31 December 2014, the Group's borrowings comprised 1) unsecured bank borrowings of HK$549,344,000 (2013: HK$172,523,000); and 2) loans from a related company of HK$79,560,000 (2013: HK$79,560,000). 63.6% (2013: 63.5%) of the Group's borrowings was guaranteed by the Company. As at 31 December 2014, 36.4% of the Group's borrowings was repayable within 1 year, and the remaining balance was repayable within 2 years, while as at 31 December 2013, all of the Group's borrowings was repayable within 1 year. All borrowings are subject to annual interest rates ranging from 1.25% to 1.67% (2013: 1.74% to 2.16%). 76.3% (2013: 95.0%) of the Group's borrowings bears interest at floating rates. The management pays attention to variations in interest rates.

As at 31 December 2014, the Group's gearing ratio, calculated by dividing the net borrowings (being borrowings less cash and cash equivalents) of the Group by total equity attributable to equity shareholders of the Company, was -18.3% (2013: -18.1%).

Liquidity and Financial Resources (Continued)

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

As at 31 December 2014, the Group's available banking facilities which are used for working capital and trade finance purposes, amounted to HK$689,744,000, of which HK$565,895,000 was utilised and HK$123,849,000 was unutilised. 58.0% of the Group's banking facilities was guaranteed by the Company. Currently, the cash reserves and available banking facilities, as well as the steady cash flow from operations, are sufficient to meet the Group's debt obligations and business operations.

Capital Expenditure and Capital Commitments

The Group's capital expenditure in 2014 amounted to HK$103,893,000 (2013: HK$43,035,000). Capital commitments outstanding at 31 December 2014 not provided for in the financial statements amounted to HK$183,540,000 (2013: HK$254,599,000), mainly for the construction of a new tinplating production line in Zhongshan, together with expansion of the relevant coating and printing production lines. It is expected that the capital expenditure for 2015 will be approximately HK$260 million.

Acquisitions and Disposals of Investments

In 2013, the Group's associate, Hubei Jinxu, issued new shares to its existing shareholders and other parties. After the issuance of the new shares, the Group's equity interest in Hubei Jinxu was diluted from 18.66% to 15.20%, which resulted in a gain on deemed disposal of HK$5,086,000.

In 2014, Hubei Jinxu repurchased all shares held by one of the existing shareholders. After the repurchase of these shares, the Group's equity interest in Hubei Jinxu increased from 15.20% to 16.12%, which resulted in a loss on deemed acquisition of HK$946,000.

Except for the abovementioned matter, the Group had no material acquisitions and disposals of investments during the year of 2014.

Pledge of Assets

As at 31 December 2014, the Group's interest in Guangdong Baojin was pledged to the major shareholder of Guangdong Baojin as a security for a loan and the related interest due to this shareholder by Guangdong Baojin amounted to HK$11,800,000.

As at 31 December 2013, none of the assets of the Group was pledged.

Contingent Liabilities

In 2013, a third party in Mainland China filed a claim against a subsidiary of the Group in the Court of Zhongshan City to recover an outstanding trade debt of approximately RMB2,060,000 (equivalent to HK$2,611,000) and a penalty of approximately RMB4,962,000 (equivalent to HK$6,290,000) for non-payment. According to the judgement made by the Court of Zhongshan City in May 2014, the subsidiary is required to repay the above trade debt and the related penalty. The subsidiary submitted an appeal in June 2014 to the High Court of Guangdong Province. Currently, the court appeal proceedings are still in progress.

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

Except for the abovementioned matter, the Group had no material contingent liabilities as at 31 December 2014.

Exchange Rate and Interest Rate Exposures

The majority of the Group's business operations are in Mainland China and Hong Kong. The Group is exposed to foreign currency risk primarily through import purchases from overseas suppliers and export sales to overseas customers that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is mainly the United States Dollar against Renminbi. In respect of trade receivables and payables denominated in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

In respect of unforeseen fluctuations in exchange rates, the Group will hedge the exposure as and when necessary. As at 31 December 2014, forward foreign exchange contracts of RMB155,089,000 (equivalent to HK$196,591,000) against the United States Dollar were entered into by the Group to hedge against currency risks in respect of export sales. As at 31 December 2013, forward foreign exchange contracts equivalent to HK$232,954,000 in total were entered into by the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group had a total of 1,197 full-time employees, a decrease of 39 from the end of 2013. 195 employees were based in Hong Kong and 1,002 were based in Mainland China. Staff remuneration is determined in accordance with the duties, workload, skill requirements, hardship, working conditions and individual performance with reference to the prevailing industry practices. In 2014, the Group continued to implement controls over the headcount, organisation structure and total salaries of each subsidiary. The performance bonus incentive scheme for the management remained effective. Through performance assessment of each subsidiary, a performance bonus was accrued according to various profit rankings and with reference to net cash inflow from operations and profit after taxation. In addition, bonuses will be rewarded to the management, key personnel and outstanding staff through assessment of individual performance. These incentive schemes have effectively improved the morale of our staff members. The Company has also adopted share option schemes to encourage excellent participants to continue their contribution to the Group.

CONSOLIDATED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2014

The Board announces the consolidated results of the Group for the year ended 31 December 2014, which have been reviewed by the Company's Audit Committee.

Consolidated Income Statement
For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	Note	***2014*** **$'000**	*2013* $'000
Turnover	3	**3,412,505**	3,493,934
Cost of sales		**(3,085,522)**	(3,172,469)
Gross profit		**326,983**	321,465
Other revenue	4	**35,897**	18,861
Other net (loss)/income	5	**(13,576)**	33,942
Distribution costs		**(81,854)**	(74,967)
Administrative expenses		**(107,707)**	(112,365)
Other operating expenses		**(488)**	(679)
Profit from operations		**159,255**	186,257
Net valuation gains on investment properties	10(b)	**37,910**	45,846
Finance costs	6(a)	**(9,569)**	(5,952)
Share of profits less losses of associates		**(5,483)**	(4,572)
Profit before taxation	6	**182,113**	221,579
Income tax	7	**(29,137)**	(34,141)
Profit for the year		**152,976**	187,438
Attributable to:			
Equity shareholders of the Company		**144,895**	173,880
Non-controlling interests		**8,081**	13,558
Profit for the year		**152,976**	187,438
Dividends payable to equity shareholders of the Company attributable to the year:	8(a)		
Interim dividend declared and paid during the year		**18,146**	18,146
Final dividend proposed after the balance sheet date		**22,682**	18,146
		40,828	36,292
Earnings per share			
Basic	9(a)	**16.0 cents**	19.2 cents
Diluted	9(b)	**16.0 cents**	19.2 cents

Consolidated Balance Sheet
At 31 December 2014
(Expressed in Hong Kong dollars)

	Note	**2014** **$'000**	2013 $'000
Non-current assets			
Fixed assets			
- Investment properties	10(b)	**382,478**	381,147
- Other property, plant and equipment		**752,059**	721,938
- Interests in leasehold land held for own use under operating leases		**126,308**	118,224
	10	**1,260,845**	1,221,309
Interest in associates		**288,715**	296,205
Deposits and prepayments		**41,019**	13,354
Deferred tax assets		**1,831**	4,943
		1,592,410	1,535,811
Current assets			
Inventories	11	**419,301**	418,106
Trade and other receivables, deposits and prepayments	12	**592,037**	682,568
Current tax recoverable		**4,258**	517
Cash and cash equivalents	13	**1,070,798**	668,972
		2,086,394	1,770,163
Current liabilities			
Trade and other payables	14	**357,889**	472,835
Bank loans	15(a)	**149,344**	172,523
Loans from a related company	15(b)	**79,560**	79,560
Current tax payable		**39,270**	33,900
		626,063	758,818
Net current assets		**1,460,331**	1,011,345
Total assets less current liabilities		**3,052,741**	2,547,156
Non-current liabilities			
Bank loans	15(a)	**400,000**	-
Deferred tax liabilities		**45,301**	44,710
		445,301	44,710
Net assets		**2,607,440**	2,502,446
Capital and reserves			
Share capital: nominal value		**-**	453,647
Other statutory capital reserves		**-**	5,419
Share capital and other statutory capital reserves		**459,066**	459,066
Other reserves		**1,951,182**	1,848,598
Total equity attributable to equity shareholders of the Company		**2,410,248**	2,307,664
Non-controlling interests		**197,192**	194,782
Total equity		**2,607,440**	2,502,446

Notes to the consolidated financial information

(Expressed in Hong Kong dollars, unless otherwise indicated)

1. Basis of preparation

The financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2014, but is derived from those financial statements.

The Group's consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual 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. The financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with the transitional and saving arrangements for Part 9 of the new 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 also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This financial information has been prepared on a basis consistent with the accounting policies and methods adopted in the 2013 annual financial statements, except for the accounting policy changes that are reflected in the 2014 annual financial statements. Details of these changes in accounting policies are set out in note 2.

2. Changes in accounting policies

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

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

These developments have had no material impact on the Group's financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Turnover and segment reporting

The Group manages its businesses by divisions, which are organised by products and services. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Tinplating : this segment produces and sells tinplates and related products which are mainly used as packaging materials for food processing manufacturers.
- Fresh and live foodstuffs : this segment distributes, purchases and sells fresh and live foodstuffs.
- Property leasing : this segment leases office and industrial premises to generate rental income.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- Segment profit includes revenue and expenses that are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.
- Segment assets include all tangible, intangible assets and current assets with the exception of interest in an associate not attributable to any segment and other corporate assets. Segment liabilities include current and non-current liabilities attributable to the business activities of the individual segments and borrowings managed directly by the segments.

In addition, management is provided with segment information concerning revenue, profit or loss, assets, liabilities and other information relevant to the assessment of segment performance and allocation of resources between segments. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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 year is set out below.

3. Turnover and segment reporting (Continued)

(a) Segment results, assets and liabilities (Continued)

	Tinplating		*Fresh and live foodstuffs*		*Property leasing*		*Total*	
	2014	*2013*	***2014***	*2013*	***2014***	*2013*	***2014***	*2013*
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue from external customers	**3,074,926**	3,136,356	**315,293**	330,375	**22,286**	27,203	**3,412,505**	3,493,934
Inter-segment revenue	**-**	-	**-**	-	**-**	-	**-**	-
Reportable segment revenue	**3,074,926**	3,136,356	**315,293**	330,375	**22,286**	27,203	**3,412,505**	3,493,934
Reportable segment profit	**74,473**	91,402	**75,174**	94,557	**14,582**	17,277	**164,229**	203,236
Reportable segment assets	**2,828,218**	2,464,291	**247,121**	241,468	**383,125**	382,116	**3,458,464**	3,087,875
(Including interest in associates)	**-**	-	**70,000**	81,750	**-**	-	**70,000**	81,750
Reportable segment liabilities	**997,476**	722,635	**23,182**	24,755	**41,277**	44,898	**1,061,935**	792,288
Depreciation and amortisation for the year	**96,715**	92,347	**328**	318	**176**	602	**97,219**	93,267
Interest income	**31,686**	16,310	**272**	12	**-**	-	**31,958**	16,322
Write-down of inventories	**11,352**	13,573	**-**	-	**-**	-	**11,352**	13,573
Additions to non-current segment assets during the year	**131,388**	55,649	**170**	61	**-**	577	**131,558**	56,287

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

	2014	*2013*
	$'000	$'000
Profit		
Reportable segment profit derived from the Group's external customers and associates	**164,229**	203,236
Unallocated head office and corporate income and expenses	**(15,429)**	(17,528)
Net valuation gains on investment properties	**37,910**	45,846
Finance costs	**(9,569)**	(5,952)
Share of profit/(loss) of an associate not attributable to any segment	**4,972**	(4,023)
Consolidated profit before taxation	**182,113**	221,579

3. Turnover and segment reporting (Continued)

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

	2014	*2013*
	$'000	$'000
Assets		
Reportable segment assets	**3,458,464**	3,087,875
Interest in an associate not attributable to any segment	**218,715**	214,455
Unallocated head office and corporate assets	**1,625**	3,644
Consolidated total assets	**3,678,804**	3,305,974
Liabilities		
Reportable segment liabilities	**1,061,935**	792,288
Unallocated head office and corporate liabilities	**9,429**	11,240
Consolidated total liabilities	**1,071,364**	803,528

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, deposits and prepayments (non-current portion) and interest in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets, and the location of operations, in the case of deposits and prepayments (non-current portion) and interest in associates.

	Revenue from external customers		***Specified non-current assets***	
	2014	*2013*	***2014***	*2013*
	$'000	$'000	**$'000**	*$'000*
Hong Kong (place of domicile)	**405,245**	449,309	**216,869**	180,838
Mainland China	**1,357,581**	1,548,223	**1,373,710**	1,350,030
Asian countries (excluding Mainland China and Hong Kong)	**974,982**	907,895	-	-
Other countries	**674,697**	588,507	-	-
	3,007,260	3,044,625	**1,373,710**	1,350,030
	3,412,505	3,493,934	**1,590,579**	1,530,868

4. Other revenue

	2014	*2013*
	$'000	$'000
Interest income	**31,958**	16,322
Subsidies received	**1,114**	791
Others	**2,825**	1,748
	35,897	18,861

5. Other net (loss)/income

	2014	*2013*
	$'000	$'000
Net realised and unrealised exchange (loss)/gain	**(7,027)**	28,149
Net (losses)/gains on forward foreign exchange contracts	**(4,785)**	1,529
Loss on deemed acquisition of interest in an associate (note (i))	**(946)**	-
Gain on deemed disposal of interest in an associate (note (ii))	**-**	5,086
Net loss on disposal of fixed assets	**(818)**	(822)
	(13,576)	33,942

Notes:

(i) During the year ended 31 December 2014, an associate of the Group, Hubei Jinxu Agriculture Development Co., Ltd. ("Hubei Jinxu"), repurchased all shares held by one of the existing shareholders. After the repurchase of these shares, the Group's equity interest in Hubei Jinxu increased from 15.20% to 16.12%, which resulted in a loss on deemed acquisition of $946,000.

(ii) During the year ended 31 December 2013, Hubei Jinxu issued new shares to its existing shareholders and other parties. After the issuance of these new shares, the Group's equity interest in Hubei Jinxu was diluted from 18.66% to 15.20%, which resulted in a gain on deemed disposal of $5,086,000.

6. Profit before taxation

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

		2014	2013
		$'000	$'000
(a)	Finance costs		
	Interest on bank advances and other borrowings wholly repayable within 5 years	**8,168**	4,514
	Interest on loans from a related company	**1,401**	1,438
		9,569	5,952
(b)	Staff costs		
	Net contributions to defined contribution retirement plans	**11,625**	11,699
	Equity-settled share-based payment expenses	**(564)**	(1,432)
	Salaries, wages and other benefits	**154,614**	155,363
		165,675	165,630
(c)	Other items		
	Cost of inventories sold (note)	**3,064,825**	3,149,006
	Auditors' remuneration	**5,318**	4,839
	Depreciation	**93,484**	89,834
	Amortisation of land lease premium	**3,846**	3,553
	Impairment loss on trade receivables	**37**	-
	Write-down of inventories	**11,352**	13,573
	Operating lease charges in respect of property rentals	**7,907**	7,680
	Rentals receivable from investment properties less direct outgoings of $1,685,000 (2013: $2,635,000)	**(20,601)**	(24,568)

Note: Cost of inventories sold includes $186,005,000 (2013: $182,308,000) relating to staff costs, depreciation, amortisation and write-down of inventories, which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses.

7. Income tax in the consolidated income statement

Taxation in the consolidated income statement represents:

	Note	***2014*** **$'000**	*2013* $'000
Current tax – Hong Kong			
Provision for the year		**11,040**	11,977
Over-provision in respect of prior years		**(20)**	(20)
		11,020	11,957
Current tax – the People's Republic of China ("PRC")			
Provision for the year		**15,303**	23,089
Over-provision in respect of prior years		**(1,005)**	(270)
		14,298	22,819
Deferred tax			
Origination and reversal of temporary differences		**3,819**	(635)
	(i)	**29,137**	34,141

Notes:

(i) The provision for Hong Kong Profits Tax for 2014 is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year, taking into account a reduction granted by the Government of the Hong Kong Special Administrative Region of 75% of the tax payable for the year of assessment 2013-14 subject to a maximum reduction of $10,000 for each business (2013: the same statutory concession was granted for the year of assessment 2012-13 and was taken into account in calculating the provision for 2013). Income tax for subsidiaries established and operating in the PRC is calculated using the estimated annual effective rates of 25% that is expected to be applicable in the relevant provinces or economic zones in the PRC.

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

In accordance with Caishui (2008) No.1 issued by State Tax Authorities, undistributed profits from the PRC companies up to 31 December 2007 will be exempted from withholding tax when they are distributed in future.

8. Dividends

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

	2014	*2013*
	$'000	$'000
Interim dividend declared and paid of 2.0 cents (2013: 2.0 cents) per ordinary share	**18,146**	18,146
Final dividend proposed after the balance sheet date of 2.5 cents (2013: 2.0 cents) per ordinary share	**22,682**	18,146
	40,828	36,292

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

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

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

9. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $144,895,000 (2013: $173,880,000) and the weighted average number of 907,293,000 (2013: 907,293,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $144,895,000 (2013: $173,880,000) and the weighted average number of ordinary shares (diluted) of 907,293,000 (2013: 907,582,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2014	*2013*
	’000	’000
Weighted average number of ordinary shares at 31 December	**907,293**	907,293
Effect of deemed issue of ordinary shares under the Company’s share option schemes for nil consideration	**-**	289
Weighted average number of ordinary shares (diluted) at 31 December	**907,293**	907,582

10. Fixed Assets

(a) Acquisitions and transfers

During the year, the Group acquired items of property, plant and equipment with a total cost of $103,893,000 (2013: $43,035,000). Also, the Group transferred construction in progress with a carrying amount of $87,553,000 (2013: $8,291,000) to other property, plant and equipment upon completion.

During the year, a certain portion of investment properties situated in the PRC with a carrying amount of $35,906,000 (2013: $22,962,000) was transferred from investment properties to buildings held for own use and interests in leasehold land held for own use under operating leases due to a change in use.

(b) Investment properties

Investment properties of the Group situated in Hong Kong with an aggregate value of $216,300,000 (2013: $180,000,000) were revalued at 31 December 2014 by an independent firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. Investment properties of the Group situated in the PRC totalling $166,178,000 (2013: $201,147,000) were revalued at 31 December 2014 by an independent firm of surveyors, Vigers Appraisal and Consulting Limited, who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

Based on the valuations, a net gain of $37,910,000 (2013: $45,846,000), and deferred tax credit thereon of $3,305,000 (2013: deferred tax expense of $1,219,000), have been recognised in the consolidated income statement.

11. Inventories

Inventories in the consolidated balance sheet comprise:

	2014	*2013*
	$'000	$'000
Raw materials, spare parts and consumables	**186,455**	215,759
Work in progress	**21,370**	9,712
Finished goods	**211,476**	192,635
	419,301	418,106

12. Trade and other receivables, deposits and prepayments

At the balance sheet date, the ageing analysis of trade debtors, bills receivable and trade balances due from a related company (which are included in trade and other receivables, deposits and prepayments), net of allowance for bad and doubtful debts, is as follows:

	2014	*2013*
	$'000	$'000
Within 1 month	**439,649**	616,337
1 to 3 months	**32,218**	6,282
Over 3 months	**1,372**	3,189
	473,239	625,808

For the tinplating business, deposits, prepayments and bills or letters of credit are normally obtained from customers. Credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables are usually due within 1 month from the date of billing and the maturity dates for bills receivable issued by banks range from 3 to 6 months. For the foodstuffs trading business, the credit period usually ranges from 1 to 2 months. For the distribution of fresh and live foodstuffs business, the credit period is usually less than 1 month. Cash deposits or financial guarantees from other parties are required for certain customers. For the Group's property leasing business, rental is collected 1 month in advance and rental deposits are obtained from the tenants. In general, debtors of the Group with balances that are more than 1 month overdue are requested to settle all outstanding balances before any further credit is granted.

13. Cash and cash equivalents

	2014	*2013*
	$'000	$'000
Deposits with banks	**-**	72,990
Cash at bank and in hand	**1,070,798**	595,982
Cash and cash equivalents in the consolidated balance sheet	**1,070,798**	668,972

14. Trade and other payables

At the balance sheet date, the ageing analysis of trade creditors and trade balances due to a related company and associates (which are included in trade and other payables) is as follows:

	2014	*2013*
	$'000	$'000
Due within 1 month or on demand	**44,140**	114,185
Due after 1 month but within 3 months	**163,196**	192,012
	207,336	306,197

15. Borrowings

		2014	*2013*
		$'000	$'000
(a)	**Bank loans**		
	- Unsecured (note (i))	**549,344**	172,523

At 31 December 2014, the bank loans were repayable as follows:

	2014	*2013*
	$'000	$'000
Within 1 year or on demand	**149,344**	172,523
After 1 year but within 2 years	**400,000**	-
	549,344	172,523

Notes:

(i) Included in unsecured bank loans is a loan of $400,000,000 (2013: $160,000,000) which is guaranteed by the Company. It is provided in the facility agreement for the loan of $400,000,000 that if the immediate holding company, GDH Limited, ceases to maintain (i) a direct or indirect holding of 50% or more of the voting share capital of the Company or (ii) effective management control over the Company, then the lenders are entitled to request immediate repayment of these outstanding loans and all accrued interest.

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

(ii) At the balance sheet date, the directors do not consider it is probable that a claim will be made against the Company under the corporate guarantee issued in respect of bank loans obtained by a subsidiary as disclosed in note (i) above. The maximum liability of the Company at the balance sheet date under the guarantee issued amounted to $400,000,000 (2013: $160,000,000). The Company has not recognised any deferred income in respect of the guarantee as the fair value of such guarantee cannot be reliably measured and the transaction price was $Nil (2013: $Nil).

		2014	*2013*
		$'000	$'000
(b)	**Loans from a related company**	**79,560**	79,560

The loans were provided to a non-wholly owned subsidiary of the Group by a company related to the minority shareholder of this non-wholly owned subsidiary. The loans are unsecured, interest-bearing at 3-month London Interbank Offered Rate ("LIBOR") + 1.5% (2013: 3-month LIBOR + 1.5%) per annum and repayable within one year.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Dividend

An interim dividend of HK 2.0 cents per share (2013: HK 2.0 cents) was paid on 28 October 2014. The Board recommends the payment of a final dividend of HK 2.5 cents per share (2013: HK 2.0 cents) for the year ended 31 December 2014. The proposed final dividend, if approved at the 2015 Annual General Meeting ("AGM") of the Company, is expected to be paid on Monday, 22 June 2015 to the shareholders whose names appear on the register of members of the Company on Tuesday, 9 June 2015.

Closure of Register of Members

The register of members will be closed during the following periods:

(i) from Thursday, 28 May 2015 to Monday, 1 June 2015 (both days inclusive), for the purpose of determining shareholders' entitlement to attend and vote at the AGM, during which period no transfers of shares will be registered. In order to qualify for attending and voting at the AGM, 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 Wednesday, 27 May 2015; and

(ii) from Friday, 5 June 2015 to Tuesday, 9 June 2015 (both days inclusive), for the purpose of determining shareholders' entitlement to the proposed final dividend, during which period no transfers of shares will be registered. In order to qualify for the proposed final 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 the address as set out in sub-paragraph (i) above not later than 4:30 p.m. on Thursday, 4 June 2015.

Corporate Governance Code

In the opinion of the directors of the Company, the Company has complied with the code provisions and, where appropriate, the applicable recommended best practices set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 December 2014 save for provision A.6.7 of the CG Code as a Non-Executive Director was unable to attend the annual general meeting of the Company held on 5 June 2014 as he had other engagements.

Review of Annual Results

The annual results of the Group for the year ended 31 December 2014 have been reviewed by the Company's Audit Committee.

Purchase, Sale and Redemption of Listed Securities

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

By Order of the Board
Tan Yunbiao
Chairman

Hong Kong, 26 March 2015

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