廣南(集團)有限公司

GUANGNAN (HOLDINGS) LIMITED

股份代號 Stock Code: 1203

ANNUAL REPORT 2014 年報

Contents

Corporate Information

(As at 26 March 2015)

BOARD OF DIRECTORS

Executive Directors

TAN Yunbiao *(Chairman and General Manager)*
LI Li *(Deputy Chairman)*
SUNG Hem Kuen *(Chief Financial Officer)*

Non-Executive Director

LIANG Jianqin

Independent Non-Executive Directors

Gerard Joseph McMAHON
TAM Wai Chu, Maria
LI Kar Keung, Caspar

AUDIT COMMITTEE

Gerard Joseph McMAHON *(Chairman)*
TAM Wai Chu, Maria
LI Kar Keung, Caspar

COMPENSATION COMMITTEE

LI Kar Keung, Caspar *(Chairman)*
Gerard Joseph McMAHON
TAM Wai Chu, Maria

NOMINATION COMMITTEE

TAN Yunbiao *(Chairman)*
Gerard Joseph McMAHON
TAM Wai Chu, Maria
LI Kar Keung, Caspar

COMPANY SECRETARY

LO Wing Suet

AUDITORS

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
DBS Bank Ltd., Hong Kong Branch
Industrial and Commercial Bank of China Limited, Zhongshan Branch
Bank of China Limited, Zhongshan Branch
China Citic Bank Corporation Limited, Zhongshan Branch
The Agricultural Bank of China, Qinhuangdao Shanhaiguankaifaqu Sub-branch
Industrial and Commercial Bank of China Limited, Qinhuangdao Branch Dongqu Sub-branch
Bank of China Limited, Qinhuangdao Branch Shanhaiguan Sub-branch

REGISTERED OFFICE

22/F., Tesbury Centre
No. 24–32 Queen's Road East
Hong Kong
Telephone: (852) 2828 3938
Facsimile : (852) 2583 9288
Website : http://www.gdguangnan.com

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

SHARE INFORMATION

Place of Listing	Main Board of The Stock Exchange of Hong Kong Limited
Stock Code	1203
Board Lot	2,000 shares
Financial Year End	31 December

SHAREHOLDERS' CALENDAR

Closure of Register of Members (for attending Annual General Meeting)	28 May 2015 to 1 June 2015
Closure of Register of Members (for payment of final dividend)	5 June 2015 to 9 June 2015
Annual General Meeting	1 June 2015
Final Dividend	HK2.5 cents per share
Payment Date	22 June 2015

Financial Highlights

(Expressed in Hong Kong dollars)

	For the year ended 31 December		
	2014	2013	
	$'000	$'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%
Basic earnings per share	**16.0 cents**	19.2 cents	-16.7%
Dividend per share			
Interim	**2.0 cents**	2.0 cents	
Proposed final	**2.5 cents**	2.0 cents	
	4.5 cents	4.0 cents	12.5%

	At 31 December		
	2014	2013	
	$'000	$'000	Change
Total assets	**3,678,804**	3,305,974	11.3%
Shareholders' equity	**2,410,248**	2,307,664	4.4%
Net asset value per share[1]	**$2.66**	$2.54	4.7%
Closing market price per share	**$1.06**	$0.98	
Net (cash)/borrowings[2]	**(441,894)**	(416,889)	
Gearing ratio[3]	**-18.3%**	-18.1%	

Notes:

1. $\dfrac{\textit{Shareholders' equity}}{\textit{Number of ordinary shares in issue}}$

2. *Borrowings — cash and cash equivalents*

3. $\dfrac{\textit{Net (cash)/borrowings}}{\textit{Shareholders' equity}}$

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 & 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.

BUSINESS REVIEW (Continued)

Tinplating (Continued)

As the tinplating factory in Zhongshan is operating at full capacity, in order to accelerate the transformation and upgrade of our business, the Group 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.

BUSINESS REVIEW (Continued)

Property Leasing

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

In 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.

FINANCIAL POSITION (Continued)

Liquidity and Financial Resources (Continued)

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%).

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.

FINANCIAL POSITION (Continued)

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.

FINANCIAL POSITION (Continued)

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.

Directors' Profile

EXECUTIVE DIRECTORS

Mr. TAN Yunbiao, aged 50, was appointed an Executive Director in February 2004, the Chairman in July 2012 and the General Manager of the Company in March 2015. He is also the chairman of Zhongshan Zhongyue Tinplate Industrial Co., Ltd. ("Zhongyue Tinplate") and Zhongyue Posco (Qinhuangdao) Tinplate Industrial Co., Ltd. ("Zhongyue Posco"). He was the General Manager of the Company from February 2004 to July 2012. Mr. Tan graduated from South China Agricultural University, the PRC and worked in the municipal government in Zhongshan, the PRC from 1984 to 1988. Mr. Tan joined Zhongshan Shan Hai Industrial Co., Ltd. ("Shan Hai") and Zhongyue Tinplate in 1988 and was promoted to the position of director and deputy general manager in 1997. He then became director and general manager of both companies in 2001. From July 2011, Mr. Tan became the chairman and ceased to be the general manager of Zhongyue Tinplate. He also became the chairman of Zhongyue Posco from June 2014. At the end of 2009, Shan Hai was absorbed by Zhongyue Tinplate.

Mr. LI Li, aged 59, was appointed an Executive Director and the Deputy Chairman of the Company in April 2010. He is also the chairman of Guangnan Hong Company Limited, a subsidiary of the Company. He was the Executive Vice Chairman of the Company from May 2000 to July 2002. He was also an Executive Director and the Deputy Chairman of the Company from January 2008 to June 2009. Mr. Li graduated from the Sun Yat-Sen University, the PRC and the South China Normal University, the PRC. Between 1986 and 1998, Mr. Li worked in Guangdong Foreign Economic Relations and Trade Committee (the "Committee"). He was a deputy director of the Economic and Trade Administration Office of the Committee in 1995. Since September 1998, Mr. Li has acted as the general manager of Nam Yue Food Stuff & Aquatics Company Limited ("Nam Yue Food") and Macau Wholesale Market Nam Yue Limited ("Macau Wholesale Market") and then became the chairman of both companies since June 2001. Mr. Li was also the chairman of Nam Yue Luen Fung Trading Company Limited ("Luen Fung Trading") since November 2004. From March 2010, Mr. Li ceased to act as the chairman of Nam Yue Food, Macau Wholesale Market and Luen Fung Trading. The said three companies were incorporated in Macau Special Administrative Region of the PRC.

Mr. SUNG Hem Kuen, aged 41, was appointed an Executive Director and the Chief Financial Officer of the Company in April 2008. He acted as the Company Secretary of the Company from June 2008 to April 2009. He is also a director of Zhongyue Tinplate. Mr. Sung graduated from The University of Hong Kong and holds a Bachelor's degree in Business Administration. He has extensive experiences in auditing, accounting and corporate restructuring. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants in the United Kingdom, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom. He is also a Chartered Financial Analyst (CFA) charterholder, and is a member of CFA Institute in the United States and the Hong Kong Society of Financial Analysts. Mr. Sung had worked in major multinational certified public accountants for over 10 years. He was the assistant chief financial officer of Guangdong Investment Limited ("GDI"), a fellow subsidiary of the Company, before joining the Company.

NON-EXECUTIVE DIRECTOR

Ms. LIANG Jianqin, aged 50, was appointed a Non-Executive Director of the Company in September 2010. She was a Non-Executive Director of the Company from July 2002 to August 2006. Ms. Liang graduated from the department of accountancy of Jinan University, the PRC and holds a Master's degree in Economics. She is a fellow member of The Association of Chartered Certified Accountants, a fellow member of Hong Kong Institute of Certified Public Accounts and a member of The Chinese Institute of Certified Public Accountants. She possesses extensive experience in financial management, external and internal audit as well as business management. Ms. Liang worked for Ernst and Young from 1995 to 1997 and GDI from 1997 to 2002 and was the general manager of the finance department of GDH Limited ("GDH") from 2002 to 2006. She was also appointed the general manager of finance departments of 廣東粵海控股集團有限公司 (formerly known as 廣東粵海控股有限公司) (Guangdong Holdings Limited) and GDH in September 2010. Ms. Liang was appointed an executive director and chief financial officer of Guangdong Land Holdings Limited, a fellow subsidiary of the Company, in April 2006 and served as a non-executive director from September 2010 to December 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Gerard Joseph McMAHON, aged 71, was appointed an Independent Non-Executive Director of the Company in June 1999. He was, until end of 1996, an executive director and a member of the Securities and Futures Commission of Hong Kong (the "SFC"), a member of the Hong Kong Takeovers and Mergers Panel and the SFC representative on the Hong Kong Standing Committee on Company Law Reform. Mr. McMahon is also a barrister in Hong Kong. He has been appointed non-executive director of a number of publicly listed companies in Hong Kong, Indonesia and Australia since 1997. Currently, Mr. McMahon is the chairman of the board of directors and audit committee of Oriental Technologies Investment Limited, a company listed on the Australian Securities Exchange. He is also a non-executive director and the chairman of the board of directors of Indonesian Investment Fund Limited, a company listed on the Irish Stock Exchange. Besides, he was appointed an independent non-executive director and chairman of the board of directors of Tanami Gold NL, a company listed on the Australian Securities Exchange. He is also a member of the audit committee, remuneration committee and nomination committee of Tanami Gold NL.

Ms. TAM Wai Chu, Maria, *GBM, GBS, J.P., LL.D (Honoris Causa), LL.B. (Hons.), Barrister-at Law*, aged 69, was appointed an Independent Non-Executive Director of the Company in June 1999. She is also non-executive director of seven other Hong Kong listed companies, namely Wing On Company International Limited, Minmetals Land Limited, Sinopec Kantons Holdings Limited, Tong Ren Tang Technologies Co. Ltd., Sa Sa International Holdings Limited, Nine Dragons Paper (Holdings) Limited and Macau Legend Development Limited. Her public duties include being a member of the HKSAR Basic Law Committee under the Standing Committee of the National People's Congress PRC and the Hong Kong deputy to the National People's Congress PRC. Ms. Tam was a member of the Operations Review Committee of the Independent Commission Against Corruption (the "ICAC") (from January 2010 to December 2014). She is currently the chairman of the Operations Review Committee of the ICAC (from January 2015 to December 2016), a member of Advisory Committee on Corruption of the ICAC (from January 2015 to December 2016) and a member of the Witness Protection Review Board of the ICAC (from January 2010 to December 2016). Ms. Tam was an independent non-executive director of Titan Petrochemicals Group Limited.

Mr. LI Kar Keung, Caspar, aged 61, was appointed an Independent Non-Executive Director of the Company in June 1999. He is the president of a management service company. He had worked in BNP Paribas Peregrine Capital Limited. He had also worked as an investment analyst and head of Citicorp's equity research in Hong Kong. Mr. Li had also held the positions of executive director and chief financial officer of certain companies listed in Hong Kong.

SENIOR MANAGEMENT

The senior management of the Group comprises the Executive Directors above, namely, Messrs. Tan Yunbiao, Li Li and Sung Hem Kuen.

Report of the Directors

The directors (the "Directors") of Guangnan (Holdings) Limited (the "Company") have pleasure in submitting their report together with the audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The subsidiaries of the Company are primarily engaged in manufacturing and sales of tinplates and related products, leasing of properties, distribution and sales of fresh and live foodstuffs and foodstuffs trading. The Group's principal activities are mainly carried out in Hong Kong and in Mainland China.

The analysis of the principal activities and geographical locations of the businesses of the Group during the year are set out in note 3 to the financial statements.

RESULTS AND DIVIDENDS

The Group's consolidated results for the year ended 31 December 2014 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 43 to 141.

An interim dividend of HK2.0 cents (2013: HK2.0 cents) per share was paid on 28 October 2014. The Directors recommended the payment of a final dividend of HK2.5 cents (2013: HK2.0 cents) per share for the year ended 31 December 2014.

The proposed final dividend, if approved at the 2015 Annual General Meeting of the Company (the "AGM"), is expected to be paid on Monday, 22 June 2015 to shareholders whose names appear on the register of members of the Company on Tuesday, 9 June 2015.

The register of members of the Company 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.

(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.

FIXED ASSETS

Details of movements in the fixed assets of the Group and the Company during the year are set out in notes 12(a) and 12(b) to the financial statements respectively.

PRINCIPAL SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates as at 31 December 2014 are set out in notes 32 and 33 to the financial statements respectively.

BORROWINGS AND INTEREST CAPITALISED

Details of borrowings of the Group and the Company are set out in note 21 to the financial statements. No interest (2013: HK$Nil) was capitalised by the Group during the year.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 23(b) to the financial statements.

RESERVES

Profit attributable to shareholders of the Company of HK$144,895,000 (2013: HK$173,880,000) has been transferred to reserves. Movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 23(a) to the financial statements respectively.

RETIREMENT BENEFITS SCHEMES

Details of the Group's retirement benefits schemes are set out in note 28 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the largest customer for the year ended 31 December 2014 represented 22.7% of the Group's total sales, and the combined total of sales to the five largest customers accounted for 42.4% of the Group's total sales for the year.

Purchases from the largest supplier for the year ended 31 December 2014 represented 39.5% of the Group's total purchases (not including purchases of capital nature), and the combined total of purchases from the five largest suppliers accounted for 73.2% of the Group's total purchases for the year.

MAJOR CUSTOMERS AND SUPPLIERS (Continued)

The largest customer and supplier of the Group are POSCO Co., Ltd. ("POSCO") and its subsidiaries. POSCO is a minority shareholder of Zhongyue Posco (Qinhuangdao) Tinplate Industrial Co., Ltd., a 66% owned subsidiary of the Group. Further details are set out in the "Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" on pages 142 and 143.

At no time during the year have the Directors, their associates or any shareholder of the Company, who to the knowledge of the Directors, owns more than 5% of the Company's share capital, had any interests in the major customers and suppliers.

CHARITABLE DONATIONS

During the year, charitable donations made by the Group amounted to HK$63,000 (2013: HK$63,000).

INVESTMENT PROPERTIES

Particulars of the major investment properties of the Group are set out on page 144.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past 5 years ended 31 December 2014 is set out on pages 145 and 146.

DIRECTORS

The Directors during the year and up to the date of this report are:

Executive Directors

TAN Yunbiao
LI Li
LUO Jianhua *(resigned on 26 March 2015)*
SUNG Hem Kuen

Non-Executive Directors

LIANG Jiang *(resigned on 16 July 2014)*
LIANG Jianqin

DIRECTORS (Continued)

Independent Non-Executive Directors

Gerard Joseph McMAHON
TAM Wai Chu, Maria
LI Kar Keung, Caspar

RETIREMENT AND RE-ELECTION OF DIRECTORS

In accordance with Article 101 of the Company's Articles of Association, Mr. Tan Yunbiao and Mr. Gerard Joseph McMahon will retire by rotation at the AGM and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2014, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Interests and short positions in the Company

(A) Interests in ordinary shares

Name of Director	Capacity/nature of interests	Number of ordinary shares held	Long/short position	Approximate percentage of interests held
				(Note)
Tan Yunbiao	Personal	240,000	Long position	0.026%
Luo Jianhua	Personal	200,000	Long position	0.022%
Gerard Joseph McMahon	Personal	300,000	Long position	0.033%
Tam Wai Chu, Maria	Personal	200,000	Long position	0.022%
Li Kar Keung, Caspar	Personal	100,000	Long position	0.011%

Note: The approximate percentage of interests held was calculated on the basis of 907,293,285 ordinary shares of the Company in issue as at 31 December 2014.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES (Continued)

Interests and short positions in the Company (Continued)

(B) Interests (long positions) in options relating to ordinary shares

(i) Share option scheme adopted on 11 June 2004 (the "2004 Share Option Scheme")

Name of Director	Date of grant of share options#	Number of share options					Total consideration paid for share options granted	Exercise period of share options (both days inclusive)##	Exercise price of share options*	Price of ordinary share at date immediately before date of grant**	Price of ordinary share at date immediately before the exercise date**
		At 1 January 2014	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	At 31 December 2014					
	(DD.MM.YYYY)						HK$	(DD.MM.YYYY)	HK$ *(per share)*	HK$ *(per share)*	HK$ *(per share)*
Tan Yunbiao	09.03.2006	2,000,000	–	–	–	2,000,000	1	09.06.2006 to 08.03.2016	1.66	1.61	–
Li Kar Keung, Caspar	09.03.2006	200,000	–	–	–	200,000	1	09.06.2006 to 08.03.2016	1.66	1.61	–

Notes to the above share options granted pursuant to the 2004 Share Option Scheme:

\# *The vesting period of the share options is from the date of grant until the commencement of the exercise period or the grantee's completion of half year's full time service with the Company or its subsidiaries, whichever is the later.*

\## *If the last day of any of the exercise periods is not a business day in Hong Kong, the exercise period shall end at the close of business on the last business day preceding that day.*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES (Continued)

Interests and short positions in the Company (Continued)

(B) Interests (long positions) in options relating to ordinary shares (Continued)

(ii) Share option scheme adopted on 29 December 2008 (the "2008 Share Option Scheme")

		Number of share options									
Name of Director	Date of grant of share options	At date of grant	At 1 January 2014	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	At 31 December 2014	Total consideration paid for share options granted	Exercise price of share options*	Price of ordinary share at date immediately before date of grant**	Price of ordinary share at date immediately before the exercise date**
	(DD.MM.YYYY)							HK$	HK$ (per share)	HK$ (per share)	HK$ (per share)
Tan Yunbiao	05.07.2010	2,100,000	630,000	–	–	210,000	420,000	–	1.45	1.44	–
Li Li	05.07.2010	1,090,000	327,000	–	–	109,000	218,000	–	1.45	1.44	–
Luo Jianhua	05.07.2010	1,860,000	558,000	–	–	186,000	372,000	–	1.45	1.44	–
Sung Hem Kuen	05.07.2010	1,860,000	558,000	–	–	186,000	372,000	–	1.45	1.44	–

Notes to the above share options granted pursuant to the 2008 Share Option Scheme:

(a) The option period of all the share options is 5.5 years from the date of grant.

(b) Any share option is only exercisable during the option period after it has become vested.

(c) The normal vesting scale of the share options is as follows:

Date	***Percentage Vesting***
The date two years after the date of grant	*40%*
The date three years after the date of grant	*30%*
The date four years after the date of grant	*10%*
The date five years after the date of grant	*20%*

(d) The vesting of the share options is further subject to the achievement of such performance targets as determined by the board of Directors (the "Board") upon grant and stated in the offer of grant.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES (Continued)

Interests and short positions in the Company (Continued)

(B) Interests (long positions) in options relating to ordinary shares (Continued)

(ii) Share option scheme adopted on 29 December 2008 (the "2008 Share Option Scheme") (Continued)

Notes to the above share options granted pursuant to the 2008 Share Option Scheme: (Continued)

(e) The leaver vesting scale of the share options that would apply in the event of the grantee ceasing to be an eligible person under certain special circumstances (less the percentage which has already vested under the normal vesting scale or lapsed) is as follows:

Date on which event occurs	***Percentage Vesting***
On or before the date which is four months after the date of grant	*0%*
After the date which is four months after but before the date which is one year after the date of grant	*10%*
On or after the date which is one year after but before the date which is two years after the date of grant	*25%*
On or after the date which is two years after but before the date which is three years after the date of grant	*40%*
On or after the date which is three years after but before the date which is four years after the date of grant	*70%*
On or after the date which is four years after the date of grant	*80% The remaining 20% also vests upon passing the overall performance appraisal for those four years*

(iii) Notes to the reconciliation of share options outstanding during the year:

* *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.*

** *The price of the Company's ordinary shares disclosed as "immediately before date of grant" of the share options is the closing price on the Stock Exchange on the business day prior to which the options were granted.*

The price of the Company's ordinary shares disclosed as "immediately before the exercise date" of the share options is the weighted average of the Stock Exchange closing prices immediately before the dates on which the options were exercised by each of the Directors or all other participants as an aggregate whole.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES (Continued)

Interests and short positions in Guangdong Investment Limited

Interests in ordinary shares

Name of Director	Capacity/nature of interests	Number of ordinary shares held	Long/short position	Approximate percentage of interests held
				(Note)
Liang Jianqin	Personal	100,000	Long position	0.002%

Note: The approximate percentage of interests held was calculated on the basis of 6,240,282,571 ordinary shares of Guangdong Investment Limited in issue as at 31 December 2014.

Interests and short positions in Guangdong Land Holdings Limited

Interests in ordinary shares

Name of Director	Capacity/nature of interests	Number of ordinary shares held	Long/short position	Approximate percentage of interests held
				(Note)
Liang Jianqin	Personal	56,222	Long position	0.003%

Note: The approximate percentage of interests held was calculated on the basis of 1,711,536,850 ordinary shares of Guangdong Land Holdings Limited in issue as at 31 December 2014.

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executives of the Company had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES OF THE COMPANY

On 11 June 2004, the Company terminated the Share Option Scheme adopted on 24 August 2001 and adopted the 2004 Share Option Scheme.

On 29 December 2008, the Company terminated the 2004 Share Option Scheme and adopted the 2008 Share Option Scheme. Upon termination of the 2004 Share Option Scheme, no further share options will be granted thereunder but in all other respects, the provisions of the 2004 Share Option Scheme shall remain in force and all existing share options which have been granted prior to such termination shall continue to be valid and exercisable in accordance therewith.

2004 Share Option Scheme

The purpose of the 2004 Share Option Scheme is to enable the Company to have a new scheme with terms compatible with modern practice to recruit and retain quality employees to serve the Group on a long-term basis, to maintain good relationships with its consultants, professional advisers, suppliers of goods or services and customers and to attract human resources that are valuable to the Group. Eligible participants of the 2004 Share Option Scheme include the Directors (including Non-Executive Directors and Independent Non-Executive Directors), employees or executives of the Group, consultants or advisers of the Group, suppliers of goods or services to the Group, customers of the Group, and substantial shareholders of the Group. The 2004 Share Option Scheme unless otherwise terminated or amended, will remain in force for 10 years from 25 June 2004.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be granted under the 2004 Share Option Scheme and any other share option schemes of the Company may not exceed 30% of its shares in issue from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the 2004 Share Option Scheme and any other share option schemes of the Company may not in aggregate exceed 10% of the shares of the Company in issue as at the date of adopting the 2004 Share Option Scheme, but the Company may seek approval of its shareholders in a general meeting to refresh the 10% limit under the 2004 Share Option Scheme.

The total number of shares issued and to be issued upon exercise of the share options granted and to be granted to each eligible participant (including both exercised and outstanding options) in any 12-month period up to the date of grant may not exceed 1% of the shares in issue at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

The grant of share options under the 2004 Share Option Scheme may be accepted within 14 days from the date of grant upon payment of a consideration of HK$1 by the grantee. The exercise period of the share options granted is determinable by the Directors, commences after a certain vesting period and ends on a date which is not more than 10 years from the date of grant of the share options.

SHARE OPTION SCHEMES OF THE COMPANY (Continued)

2004 Share Option Scheme (Continued)

The exercise price of the share options is determinable by the Directors, but shall at least be the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the share options, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet for the 5 trading days immediately preceding the date of the grant; and (iii) the nominal value of the Company's shares (up to 3 March 2014).

During the year, no share options lapsed, exercised or cancelled under the 2004 Share Option Scheme.

As at 31 December 2014, options were outstanding under the 2004 Share Option Scheme entitling the holders to subscribe for 4,500,000 ordinary shares of the Company, which represented approximately 0.496% of ordinary shares in issue at that date.

2008 Share Option Scheme

The purpose of the 2008 Share Option Scheme is to provide incentives to selected employees, officers and Directors to contribute to the Group and to provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to such employees, officers and Directors or to serve such other purposes as the Board may approve from time to time. Eligible persons of the 2008 Share Option Scheme include the employees, officers or Directors of a member of the Group. The 2008 Share Option Scheme unless otherwise terminated or amended, will remain in force for 10 years from 29 December 2008.

The total number of ordinary shares which may be issued upon exercise of all share options to be granted under the 2008 Share Option Scheme (excluding any which have lapsed) and any other schemes of the Company must not, in aggregate, exceed 10% of the ordinary shares of the Company in issue as at the date of the adoption of the 2008 Share Option Scheme.

The total number of ordinary shares issued and to be issued upon exercise of the share options granted and to be granted under the 2008 Share Option Scheme to each eligible person (including both exercised and outstanding options) in any 12-month period up to and including the date of offer of share options must not exceed 1% of the ordinary shares in issue at such date. Any further grant of share options under the 2008 Share Option Scheme in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

SHARE OPTION SCHEMES OF THE COMPANY (Continued)

2008 Share Option Scheme (Continued)

Share options granted to a Director or chief executive of the Company, or any of their respective associates, under the 2008 Share Option Scheme must be approved by the Independent Non-Executive Directors of the Company. In addition, any share options granted to an Independent Non-Executive Director of the Company, or any of their respective associates, which would result in the ordinary shares issued and to be issued upon exercise of all share options already granted or to be granted under the 2008 Share Option Scheme (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the ordinary shares in issue; and (ii) having an aggregate value (based on the closing price of the ordinary shares at the date of grant) in excess of HK$5 million, such grant of options by the Board must be approved by shareholders in general meeting.

An offer of grant of a share option under the 2008 Share Option Scheme may be accepted by the grantee within the period of the time stipulated by the Board, but no later than 14 days from the date of such offer. All share options under the 2008 Share Option Scheme will be unvested share options upon grant which will, subject to a grantee continuing to be an eligible person, vest with the grantee in accordance with the vesting schedules specified in their respective offer of grant. Subject to the rules of the 2008 Share Option Scheme and the relevant offer of the grant of a share option, a vested share option may be exercised in accordance with the terms of the rules of the 2008 Share Option Scheme at any time during the period to be determined and notified by the Board to each grantee, which period may commence on the date which is 2 years from the date of grant of the share option but shall end in any event not later than 10 years from the aforesaid date of grant. The exercise of any share option under the 2008 Share Option Scheme may be subject to the achievement of performance targets which may be determined by the Board at its absolute discretion on a case by case basis upon the grant of the relevant share option and stated in the offer of grant of such share option.

The exercise price of the share options under the 2008 Share Option Scheme is determinable by the Board and shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the share options; (ii) the average closing price of the Company's ordinary shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant of the share options; and (iii) the nominal value of the ordinary shares (up to 3 March 2014).

No dividends (including distributions made upon the liquidation of the Company) will be payable and no voting rights will be exercisable in relation to any share option that has not been exercised.

During the year ended 31 December 2014, 1,997,000 share options lapsed, and no share options were granted, exercised nor cancelled under the 2008 Share Option Scheme.

SHARE OPTION SCHEMES OF THE COMPANY (Continued)

2008 Share Option Scheme (Continued)

At 31 December 2014, the Company had no outstanding share options granted on 30 December 2008 and an outstanding of 2,134,000 share options granted on 5 July 2010 under 2008 Share Option Scheme, which represented approximately 0.235% of ordinary shares in issue at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 2,134,000 additional ordinary shares and the increases of share capital of HK$3,094,300 (before issue expenses).

The total number of ordinary shares which may be issued upon exercise of share options yet to be granted under the 2008 Share Option Scheme (and thus not including those ordinary shares for share options already granted but yet to be exercised under the 2004 Share Option Scheme and the 2008 Share Option Scheme) was 59,750,328 which represented approximately 6.586% of the issued share capital of the Company as at the date of this report.

As at 31 December 2014, save as disclosed under "Interests (long positions) in options relating to ordinary shares" on pages 18 to 20, certain employees and other participants of the Company had the following interests in rights to subscribe for shares of the Company granted under the 2004 Share Option Scheme and the 2008 Share Option Scheme. Each option gives the holder the right to subscribe for one share of the Company. Further details are set out in note 22 to the financial statements.

(i) 2004 Share Option Scheme

Category	Date of grant of share options#	Number of share options: At 1 January 2014	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	At 31 December 2014	Total consideration paid for share options granted	Exercise period of share options (both days inclusive)##	Exercise price of share options*	Price of ordinary share at date immediately before date of grant**	Price of ordinary share at date immediately before the exercise date**
	(DD.MM.YYYY)						HK$	(DD.MM.YYYY)	HK$ (per share)	HK$ (per share)	HK$ (per share)
Employees	09.03.2006	300,000	–	–	–	300,000	1	09.06.2006 to 08.03.2016	1.66	1.61	–
Other participants	09.03.2006	2,000,000	–	–	–	2,000,000	1	09.06.2006 to 08.03.2016	1.66	1.61	–

Notes to the above share options granted pursuant to the 2004 Share Option Scheme:

The vesting period of the share options is from the date of grant until the commencement of the exercise period or the grantee's completion of half year's full time service with the Company or its subsidiaries, whichever is the later.

If the last day of any of the exercise periods is not a business day in Hong Kong, the exercise period shall end at the close of business on the last business day preceding that day.

SHARE OPTION SCHEMES OF THE COMPANY (Continued)

(ii) 2008 Share Option Scheme

Category	Date of grant of share options#	Number of share options						Total consideration paid for share options granted	Exercise price of share options*	Price of ordinary share at date immediately before date of grant**	Price of ordinary share at date immediately before the exercise date**
		At date of grant	At 1 January 2014	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	At 31 December 2014				
	(DD.MM.YYYY)							HK$	HK$ (per share)	HK$ (per share)	HK$ (per share)
Employees	05.07.2010	3,760,000	1,128,000	–	–	376,000	752,000	–	1.45	1.44	–
Other participants	05.07.2010	3,100,000	930,000	–	–	930,000	–	–	1.45	1.44	–

Notes to the 2008 Share Option Scheme are set out in the "Notes to the above share options granted pursuant to the 2008 Share Option Scheme" in the "Directors' Interests and Short Positions in Securities" section of this report on pages 19 and 20.

(iii) Notes to the reconciliations of share options outstanding during the year under the 2004 Share Option Scheme and the 2008 Share Option Scheme are set out in the "(iii) Notes to the reconciliation of share options outstanding during the year" in the "Director's Interests and Short Positions in Securities" section of this report on page 20.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Except for the share options held by the Directors, at no time during the year was the Company or any of its subsidiaries, its holding companies or a subsidiary of its holding companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries, its holding companies or a subsidiary of its holding companies was a party or were parties and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at 31 December 2014, Ms. Liang Jianqin, Director, is also a general manager of the finance department of 廣東粵海控股集團有限公司 (formerly known as 廣東粵海控股有限公司) Guangdong Holdings Limited ("Guangdong Holdings") and GDH Limited ("GDH"). GDH is a wholly-owned subsidiary of Guangdong Holdings. Guangdong Holdings and its subsidiaries other than the Group (the "Guangdong Holdings Group") have a wide range of business interests which include leasing of properties. Both the Guangdong Holdings Group and the Group have been engaged in the businesses of leasing of properties. However, the Directors are of the view that no direct or indirect competition in any material respect exists between the businesses of the Guangdong Holdings Group and those of the Group.

DIRECTORS' SERVICE CONTRACTS

No directors proposed for re-election at the AGM has a service contract with the Company or any of its subsidiaries that is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

TRANSACTIONS DISCLOSED IN ACCORDANCE WITH THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

Details of the transactions disclosed in accordance with the Listing Rules are set out on pages 142 and 143.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014, so far as is known to any Directors or chief executives of the Company, the following persons (other than Directors or chief executives of the Company) had, or were taken or deemed to have interests or short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register kept by the Company under Section 336 of the SFO:

Name of shareholder	Number of ordinary shares beneficially held	Long/short position	Approximate percentage of interests held
Guangdong Holdings *(Note)*	537,198,868	Long position	59.21%
GDH	537,198,868	Long position	59.21%

Note: The attributable interest which Guangdong Holdings has in the Company is held through its 100% direct interest in GDH.

SUBSTANTIAL SHAREHOLDERS (Continued)

Save as disclosed above, as at 31 December 2014, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register kept by the Company under Section 336 of the SFO.

SIGNIFICANT CONTRACTS WITH CONTROLLING SHAREHOLDERS OR ITS SUBSIDIARIES

Save as disclosed below, neither the Company nor its subsidiary had any contract of significance with GDH, the controlling shareholder of the Company, and its subsidiary.

On 25 March 2002, Zhongyue Industry Material Limited, a wholly owned subsidiary of the Company, entered into a loan agreement with Richway Resources Limited ("Richway"), a wholly owned subsidiary of GDH, for the provision by Richway of a loan in the amount of RMB50,000,000. The loan is unsecured, interest- free and has no fixed term of repayment. As at 31 December 2014, the loan has an outstanding balance of approximately HK$23,250,000.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float as required under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

REVIEW OF ANNUAL RESULTS

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

AUDITORS

KPMG retire and, being eligible, offer themselves for reappointment. A resolution for the reappointment of KPMG as auditors of the Company is to be proposed at the AGM. There was no change in auditors of the Company in any of the preceding three years.

By order of the Board

Tan Yunbiao
Chairman

Hong Kong, 26 March 2015

Corporate Governance Report

The Group recognizes the importance of achieving and monitoring the high standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders and is fully committed to doing so. It is also with the objectives in mind that the Group has applied the principles on the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

In the opinion of the directors of the Company (the "Directors"), the Company has complied with the code provisions and, where appropriate, the applicable recommended best practice set out in the CG Code 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding Director's securities transactions. All Directors have confirmed, upon specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31 December 2014.

BOARD OF DIRECTORS

As at 31 December 2014, the board of Directors (the "Board") comprised four Executive Directors, being Messrs. Tan Yunbiao, Li Li, Luo Jianhua and Sung Hem Kuen, one Non-Executive Director, being Ms. Liang Jianqin, and three Independent Non-Executive Directors, being Mr. Gerard Joseph McMahon, Ms. Tam Wai Chu, Maria and Mr. Li Kar Keung, Caspar. Mr. Liang Jiang resigned as a Non-Executive Director on 16 July 2014 and Mr. Luo Jianhua resigned as an Executive Director on 26 March 2015.

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. The management was delegated the authority and responsibility by the Board for the day-to-day management of the Group. Major corporate matters that are specifically delegated by the Board to the management include the preparation of interim and annual reports and announcements for approval before publishing, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory and regulatory requirements and rules and regulations.

The Board meets at least quarterly and on other occasions when a Board decision is required on major issues. During the year ended 31 December 2014, the Board held four meetings.

BOARD OF DIRECTORS (Continued)

In addition to regular board meetings, in accordance with CG Code A.2.7 of the Listing Rules, the Chairman should at least annually hold meetings with the Non-Executive Directors (including Independent Non-Executive Directors) without the Executive Directors present (the "Chairman and Non-Executive Directors Meeting"). During the year ended 31 December 2014, one Chairman and Non-Executive Directors Meeting was held.

Details of Directors' attendance at the Company's annual general meeting and the meetings of the Board, the Compensation Committee, the Nomination Committee, the Audit Committee and the Chairman and Non-Executive Directors Meeting held during the year ended 31 December 2014 are set out below:

	Annual General Meeting	Board	Compensation Committee	Nomination Committee	Audit Committee	Chairman and Non-Executive Directors Meeting
Executive Directors						
Tan Yunbiao	1/1	4/4		1/1		1/1
Li Li	1/1	4/4				
Luo Jianhua	1/1	4/4				
Sung Hem Kuen	1/1	4/4				
Non-Executive Directors						
Liang Jiang	0/1	2/2				
Liang Jianqin	1/1	4/4				1/1
Independent Non-Executive Directors						
Gerard Joseph McMahon	1/1	4/4	2/2	1/1	5/5	1/1
Tam Wai Chu, Maria	1/1	4/4	2/2	1/1	5/5	1/1
Li Kar Keung, Caspar	1/1	4/4	2/2	1/1	5/5	1/1

BOARD OF DIRECTORS (Continued)

For a Director to be considered independent, the Board must be satisfied that the Director does not have any direct or indirect material relationship with the Group. In determining the independence of Directors, the Board follows the requirements set out in the Listing Rules and considers all of the Independent Non-Executive Directors as independent. In addition, the Company has received confirmation of independence from the three Independent Non-Executive Directors, namely Mr. Gerard Joseph McMahon, Ms. Tam Wai Chu, Maria and Mr. Li Kar Keung, Caspar in accordance with Rule 3.13 of the Listing Rules. The Company has assessed their independence and concluded that all the Independent Non-Executive Directors are independent within the definition of the Listing Rules.

The Board members do not have any financial, business, family or other material/relevant relationships with each other. The balanced board composition also ensures that strong independence exists across the Board. The Directors' profile is set out on pages 12 to 13 to the annual report, which demonstrate a diversity of skills, expertise, experience and qualifications.

CHAIRMAN, DEPUTY CHAIRMAN AND GENERAL MANAGER

The Chairman is Mr. Tan Yunbiao, the Deputy Chairman is Mr. Li Li and the General Manager was Mr. Luo Jianhua (up to 25 March 2015). Their roles are clearly defined and segregated to ensure independence and proper checks and balances. Mr. Tan Yunbiao as the Chairman has executive responsibilities, provides leadership to the Board and ensures the proper and effective functioning of the Board in the discharge of its responsibilities. Mr. Li Li as the Deputy Chairman and Mr. Luo Jianhua as the General Manager are accountable to the Board for the overall implementation of the Company's strategies and the co-ordination of operations in fresh and live foodstuffs business and tinplating business respectively.

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

NON-EXECUTIVE DIRECTORS

All Directors, including Non-Executive Directors, appointed to fill a causal vacancy or as an addition to the existing Board, shall hold office only until the first general meeting after his appointment and shall then be eligible for re-election. Moreover, each Non-Executive Director of the Company will hold office for a specific term expiring on the earlier of either (i) the conclusion of the annual general meeting of the Company in the year of the third anniversary of the appointment or re-election of that Director or (ii) the expiration of the period within which the annual general meeting of the Company is required to be held in the year of the third anniversary of the appointment or re-election of that Director and in any event, subject to earlier determination in accordance with the Articles of Association of the Company and/or applicable laws and regulations.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

On appointment to the Board, each new Director receives an induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company encourages the Directors to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, Hong Kong ordinances and corporate governance practices so that they can continuously update and further improve their relevant knowledge and skills. Some Directors attended seminars and conferences organized by government authorities, professional bodies and industrial and commercial organizations in relation to corporate governance, updates on laws, rules and regulations, accounting, financial, management or other professional skill. The Company organized a seminar about comprehensive budget management in October 2014 and provides training materials to the Directors to develop and refresh their professional skill.

According to the records kept by the Company, the current Directors received trainings with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirement of the CG Code on continuous professional development during the year ended 31 December 2014.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT (Continued)

Participation of Directors as at 31 December 2014 in continuous professional development during the year are as follows:

	Type of continuous professional development	
	Attending training course and seminar	**Reading regulatory updates or information relevant to the Company or its business**
Tan Yunbiao	✓	✓
Li Li	✓	✓
Luo Jianhua	✓	✓
Sung Hem Kuen	✓	✓
Liang Jianqin	✓	✓
Gerard Joseph McMahon	✓	✓
Tam Wai Chu, Maria	✓	✓
Li Kar Keung, Caspar	✓	✓

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "Policy") on 22 August 2013 which sets out the approach to achieve diversity on the Board.

The Company recognizes and embraces the benefits of having a diversed Board and sees increasing diversity at Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

BOARD DIVERSITY POLICY (Continued)

The Nomination Committee has set the measurable objectives based on five focused areas: gender, age, length of service, professional experience and skills and knowledge for the implementation of Board diversity of the Company. The Nomination Committee will review the Policy, as appropriate, to ensure its continued effectiveness from time to time.

As at the date of this report, the Board comprises 7 directors. Three of them are Independent Non-Executive Directors, thereby promoting critical review and control of the management process. The Board is also characterized by significant diversity, whether considered in terms of gender, age, professional experience, skills and knowledge.

The Nomination Committee has reviewed the Policy and consider that the Board's composition has complied with the requirement of the Policy.

CORPORATE GOVERNANCE FUNCTIONS

It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The duties of the Board performing corporate governance functions under CG Code include:

1. to develop and review the Company's policies and practices on corporate governance;

2. to review and monitor the training and continuous professional development of Directors and senior management of the Company;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors of the Company; and

5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year, the Board considered the following corporate governance issues:

— revised the "Procedures for Shareholders to propose a person for election as a Director"; and

— reviewed the effectiveness of the internal controls and risk management systems of the Company through the Internal Audit Department and the Audit Committee.

REMUNERATION OF DIRECTORS

The Company established the Compensation Committee in 1999. Details of the authority and duties of the Compensation Committee are available on the Company's website.

The Compensation Committee comprises the three Independent Non-Executive Directors, Mr. Gerard Joseph McMahon, Ms. Tam Wai Chu, Maria and Mr. Li Kar Keung, Caspar. Mr. Li Kar Keung, Caspar is the chairman of the Compensation Committee.

The Compensation Committee shall meet at least twice a year. During the year ended 31 December 2014, the Compensation Committee held two meetings to review the annual remuneration package and performance bonuses for the Executive Directors and the management of the Company.

Details of the Directors' remuneration are set out in note 7 to the financial statements.

NOMINATION OF DIRECTORS

The Company established the Nomination Committee in 2005. The Nomination Committee is responsible for identifying suitable and qualified individuals to become Board members and make recommendation on appointment and reappointment of Directors. The Board is responsible for considering and approving the appointment of Directors with a view to appointing to the Board suitable individuals with the relevant expertise and experience to enhance the constitution of a strong and diverse Board and to contribute to the functioning of the Board through their continuous participation.

Details of the authority and duties of the Nomination Committee are available on the Company's website.

The Nomination Committee comprises the Chairman of the Board, Mr. Tan Yunbiao and the three Independent Non-Executive Directors, Mr. Gerard Joseph McMahon, Ms. Tam Wai Chu, Maria and Mr. Li Kar Keung, Caspar. Mr. Tan Yunbiao is the chairman of the Nomination Committee.

The Nomination Committee shall meet at least once a year. During the year ended 31 December 2014, the Nomination Committee met once to review the structure, size and composition of the Board and to consider, nominate and recommend appointment and reappointment of Directors.

AUDITORS' REMUNERATION

The remuneration of the Company's auditors, Messrs. KPMG, for services rendered in respect of the year ended 31 December 2014 is set out as follows:

Services rendered	Fee
	HK$'000
Audit of annual financial statements	3,486
Review of interim financial report	900
Agreed-upon procedures on the announcement of the quarterly results for the three months ended 31 March 2014	200
Review of continuing connected transactions	214
	4,800

AUDIT COMMITTEE

The Audit Committee of the Company was established in 1999. Details of the authority and duties of the Audit Committee are available on the Company's website.

The Audit Committee comprises the three Independent Non-Executive Directors, Mr. Gerard Joseph McMahon, Ms. Tam Wai Chu, Maria and Mr. Li Kar Keung, Caspar. Mr. Gerard Joseph McMahon is the chairman of the Audit Committee.

The Audit Committee shall meet at least four times a year. During the year ended 31 December 2014, the Audit Committee held five meetings, inter alia, to review the 2013 annual results, the 2014 interim results and the quarterly results of the Group. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Group's financial results. It also focuses on the Group's systems of internal control including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. During the year ended 31 December 2014, the Audit Committee met the external auditor once without the presence of the management to discuss any areas of concerns.

ACCOUNTABILITY AND AUDIT

The Directors have acknowledged that they are responsible for overseeing the preparation of financial statements, which give a true and fair view of the state of affairs of the Group and of the results and cash flows in the relevant year. The responsibilities of the external auditor to the shareholders are set out in the Independent Auditor's Report on pages 41 and 42. In preparing the financial statements for the year ended 31 December 2014, the Directors have selected appropriate accounting policies, applied them consistently in accordance with the accounting principles generally accepted in Hong Kong which are pertinent to its operations and relevant to the financial statements and, made judgments and estimates that are prudent and reasonable, and have prepared the financial statements on a going concern basis.

The Company aims at presenting a balanced, clear and comprehensible assessment of the Group's performance, position and prospects in all communications issued to shareholders, including annual and interim reports, announcements and circulars. The annual and interim results of the Company are announced in a timely manner within three months and two months respectively after the end of the relevant periods in accordance with the Listing Rules. To further enhance the Company's level of corporate governance and transparency, the Company has announced its unaudited quarterly financial information during the financial year ended 31 December 2014.

INTERNAL CONTROLS

The Board is committed to establish and maintain a sound and effective internal control system of the Group to protect the shareholders' investment and to safeguard the Group's assets and to achieve corporate objectives. Key components of internal controls of the Group are set out below:

1. A defined organizational structure, with specified limits of authority and lines of responsibility, has been established.

2. Established operating policies and procedures.

3. Delegation of authority — The Directors and/or management are delegated with respective level of authority relating to certain businesses or operational objectives. Committees (e.g. Audit, Compensation and Nomination), of which their decision-making authority is delegated by the Board, are established where necessary to review, approve and monitor particular aspect of operation of the Group.

4. Budgetary system — (i) Business plan and forecasts are prepared annually and subject to monthly review and approval by the management. With annual budget and monthly rolling forecast, the management could identify and evaluate the likelihood of the financial impact of significant business risks in the coming year and achieve the business objectives; (ii) Budgetary system in relation to monthly recurrent and major capital expenditure is in place. Any material variances against budgets are investigated, explained and approved by the respective financial controller.

INTERNAL CONTROLS (Continued)

5. Internal Audit Department — In order to further enhance the internal control of the Group, an internal audit department was established. The internal auditor could access unrestrictedly to review all aspects of the Group's activities and internal controls. Any serious internal control deficiencies or fraud identified would be reported immediately to the Directors or directly to the Audit Committee.

6. Review by Audit Committee and the Board — The Directors review major business and operational activities and financial performance of the Group.

7. Comprehensive accounting system — A reliable and comprehensive accounting system is in place for the recording of financial information of the Group.

8. Monthly review by the management — Key operating and financial performance of each business segment are reviewed by the management on monthly basis. Regular meetings are held to review the business and financial performance against forecast and business strategies to be taken.

During the year ended 31 December 2014, review on the effectiveness and efficiency of material financial, operational and compliance controls and risk management procedures of the Group was made by the Board and the Audit Committee. The Board is generally satisfied with the effectiveness and adequacy of the existing internal control system of the Group. The Board acknowledges the importance of good corporate governance and will continue its efforts on enhancing the Group's internal controls to support further growth of the Group.

Internal control system of the Group is designed to provide reasonable (rather than absolute) assurance against unauthorized use or disposition. It could only manage, rather than eliminate, all risks of material misstatement, errors, loss or fraud.

COMPANY SECRETARY

The Company Secretary of the Company is Ms. Lo Wing Suet who is not an employee of the Company. She reports to the Board and is responsible for advising the Board on governance matters. Mr. Sung Hem Kuen, the Chief Financial Officer of the Company, is the primary contact person of the Company with Ms. Lo. For the year under review, Ms. Lo has confirmed that she has taken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

Shareholders convening an extraordinary general meeting

Pursuant to the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong), shareholders of the Company holding not less than 5% of the total voting rights of all the members having a right to vote at general meeting may request the directors to call a general meeting of the Company. The request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request may be sent to the Company in hard copy form or in electronic form; and must be authenticated by the person or persons making it. Directors of the Company must call a meeting within 21 days after the date on which they become subject to the requirement. The meeting being called must be held on a date not more than 28 days after the date of the notice convening the meeting. If the directors fail to call the meeting, the shareholders who requested the meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves call a general meeting. The meeting must be called for a date not more than 3 months after the date on which the directors become subject to the requirement to call a meeting.

Shareholders' enquiries and proposals

Shareholders should direct their enquiries about their shareholdings to the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or call its hotline at (852) 2862 8555.

About matters other than shares and dividends, the Chief Financial Officer or the Company Secretary of the Company are designated to respond to enquiries and proposals from the shareholders as well as the public. Enquires and proposals can be made by mail or by phone. The contact details of the Company are set out in the "Contact Us" section of the Company's website at www.gdguangnan.com. In addition, the Company is committed to maximizing the use of its website as a channel to provide updated information in a timely manner and to strengthen the communications with both the shareholders and the public. The Company has formulated the "Shareholders Communication Policy" which enables shareholders to exercise their rights in an informed manner.

CONSTITUTIONAL DOCUMENTS

During the year, there is no change in the Company's constitutional documents. An up-to-date consolidated version of the Company's Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

Independent Auditor's Report

Independent auditor's report to the shareholders of Guangnan (Holdings) Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Guangnan (Holdings) Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 43 to 141, which comprise the consolidated and Company balance sheets as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 80 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 March 2015

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	4	**(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		**37,910**	45,846
Finance costs	5(a)	**(9,569)**	(5,952)
Share of profits less losses of associates		**(5,483)**	(4,572)
Profit before taxation	5	**182,113**	221,579
Income tax	6(a)	**(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
Earnings per share	11		
Basic		**16.0 cents**	19.2 cents
Diluted		**16.0 cents**	19.2 cents

The notes on pages 52 to 141 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 10(a).

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	2014 $'000	2013 $'000
Profit for the year	**152,976**	187,438
Other comprehensive income for the year (after taxation):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries and associates outside Hong Kong	**(5,994)**	52,358
Total comprehensive income for the year	**146,982**	239,796
Attributable to:		
Equity shareholders of the Company	**139,440**	221,583
Non-controlling interests	**7,542**	18,213
Total comprehensive income for the year	**146,982**	239,796

The notes on pages 52 to 141 form part of these financial statements.

Consolidated Balance Sheet

at 31 December 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Non-current assets			
Fixed assets			
— Investment properties		**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
	12(a)	**1,260,845**	1,221,309
Interest in associates	*14*	**288,715**	296,205
Deposits and prepayments	*18*	**41,019**	13,354
Deferred tax assets	*16(b)*	**1,831**	4,943
		1,592,410	1,535,811
Current assets			
Inventories	*17*	**419,301**	418,106
Trade and other receivables, deposits and prepayments	*18*	**592,037**	682,568
Current tax recoverable	*16(a)*	**4,258**	517
Cash and cash equivalents	*19*	**1,070,798**	668,972
		2,086,394	1,770,163
Current liabilities			
Trade and other payables	*20*	**357,889**	472,835
Bank loans	*21(a)*	**149,344**	172,523
Loans from a related company	*21(b)*	**79,560**	79,560
Current tax payable	*16(a)*	**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

Consolidated Balance Sheet (Continued)

at 31 December 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Non-current liabilities			
Bank loans	*21(a)*	**400,000**	–
Deferred tax liabilities	*16(b)*	**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	*23(b)*	**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

Approved and authorised for issue by the board of directors on 26 March 2015.

TAN Yunbiao
Director

SUNG Hem Kuen
Director

The notes on pages 52 to 141 form part of these financial statements.

Balance Sheet

at 31 December 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Non-current assets			
Fixed assets			
— Investment properties		**216,300**	180,000
— Other property, plant and equipment		**288**	399
	12(b)	**216,588**	180,399
Interest in subsidiaries	*13*	**316,161**	625,170
Interest in an associate	*14*	**164,278**	164,278
		697,027	969,847
Current assets			
Trade and other receivables, deposits and prepayments	*18*	**354,587**	22,459
Cash and cash equivalents	*19*	**975**	2,885
		355,562	25,344
Current liabilities			
Trade and other payables	*20*	**11,843**	13,142
Net current assets		**343,719**	12,202
NET ASSETS		**1,040,746**	982,049
CAPITAL AND RESERVES	*23(a)*		
Share capital: nominal value		**–**	453,647
Other statutory capital reserves		**–**	5,419
Share capital and other statutory capital reserves	*23(b)*	**459,066**	459,066
Other reserves		**581,680**	522,983
TOTAL EQUITY		**1,040,746**	982,049

Approved and authorised for issue by the board of directors on 26 March 2015.

TAN Yunbiao
Director

SUNG Hem Kuen
Director

The notes on pages 52 to 141 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2014
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company									
	Note	Share capital $'000	Share premium $'000	Capital reserve-share options $'000	Exchange reserve $'000	Special capital reserve $'000	Other reserves $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2013		453,647	5,419	4,227	307,578	107,440	50,306	1,190,651	2,119,268	178,039	2,297,307
Changes in equity for 2013:											
Profit for the year		–	–	–	–	–	–	173,880	173,880	13,558	187,438
Other comprehensive income		–	–	–	47,703	–	–	–	47,703	4,655	52,358
Total comprehensive income		–	–	–	47,703	–	–	173,880	221,583	18,213	239,796
Transfer to statutory reserves		–	–	–	–	–	11,255	(11,255)	–	–	–
Share-based payment expenses for the year		–	–	(1,432)	–	–	–	–	(1,432)	–	(1,432)
Share options lapsed during the year		–	–	(58)	–	–	–	58	–	–	–
Dividends declared to minority shareholders		–	–	–	–	–	–	–	–	(1,470)	(1,470)
Dividends approved in respect of the previous year	10(b)	–	–	–	–	–	–	(13,609)	(13,609)	–	(13,609)
Dividends declared in respect of the current year	10(a)	–	–	–	–	–	–	(18,146)	(18,146)	–	(18,146)
Balance at 31 December 2013 and at 1 January 2014		**453,647**	**5,419**	**2,737**	**355,281**	**107,440**	**61,561**	**1,321,579**	**2,307,664**	**194,782**	**2,502,446**
Changes in equity for 2014:											
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**144,895**	**144,895**	**8,081**	**152,976**
Other comprehensive income		**–**	**–**	**–**	**(5,455)**	**–**	**–**	**–**	**(5,455)**	**(539)**	**(5,994)**
Total comprehensive income		**–**	**–**	**–**	**(5,455)**	**–**	**–**	**144,895**	**139,440**	**7,542**	**146,982**
Transfer to statutory reserves		**–**	**–**	**–**	**–**	**–**	**3,944**	**(3,944)**	**–**	**–**	**–**
Share-based payment expenses for the year		**–**	**–**	**(564)**	**–**	**–**	**–**	**–**	**(564)**	**–**	**(564)**
Dividends declared to minority shareholders		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,132)**	**(5,132)**
Dividends approved in respect of the previous year	10(b)	**–**	**–**	**–**	**–**	**–**	**–**	**(18,146)**	**(18,146)**	**–**	**(18,146)**
Dividends declared in respect of the current year	10(a)	**–**	**–**	**–**	**–**	**–**	**–**	**(18,146)**	**(18,146)**	**–**	**(18,146)**
Transition to no-par value regime on 3 March 2014	23(b)	**5,419**	**(5,419)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at 31 December 2014		**459,066**	**–**	**2,173**	**349,826**	**107,440**	**65,505**	**1,426,238**	**2,410,248**	**197,192**	**2,607,440**

The notes on pages 52 to 141 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2014 $'000	2013 $'000	2013 $'000
Operating activities					
Profit before taxation		**182,113**		221,579	
Adjustments for:					
Finance costs	*5(a)*	**9,569**		5,952	
Interest income	*4*	**(31,958)**		(16,322)	
Net valuation gains on investment properties	*12(a)*	**(37,910)**		(45,846)	
Net loss on disposal of fixed assets	*4*	**818**		822	
Impairment loss on trade receivables	*5(c)*	**37**		–	
Depreciation	*12(a)*	**93,484**		89,834	
Amortisation of land lease premium	*12(a)*	**3,846**		3,553	
Share of profits less losses of associates		**5,483**		4,572	
Foreign exchange loss/(gain)		**2,517**		(19,174)	
Net losses/(gains) on forward foreign exchange contracts	*4*	**4,785**		(1,529)	
Equity-settled share-based payment expenses	*5(b)*	**(564)**		(1,432)	
Loss on deemed acquisition of interest in an associate	*4*	**946**		–	
Gain on deemed disposal of interest in an associate	*4*	**–**		(5,086)	
Operating profit before changes in working capital		**233,166**		236,923	

Consolidated Cash Flow Statement (Continued)

for the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2014 $'000	2013 $'000	2013 $'000
Operating profit before changes in working capital		**233,166**		236,923	
(Increase)/decrease in inventories		**(2,598)**		32,884	
Decrease/(increase) in trade and other receivables, deposits and prepayments		**87,023**		(50,135)	
Decrease in amounts due from a related company		**5,851**		15,003	
(Decrease)/increase in trade and other payables		**(44,478)**		19,150	
Increase in amounts due to a related company		**311,120**		265,918	
Increase in amounts due to associates		**1,138**		189	
Cash generated from operations		**591,222**		519,932	
Interest received		**31,819**		16,566	
Interest paid		**(10,203)**		(6,199)	
Hong Kong Profits Tax paid		**(12,066)**		(12,859)	
PRC income tax paid		**(15,134)**		(14,099)	
Net cash generated from operating activities			**585,638**		503,341
Investing activities					
Payment for the purchase of fixed assets		**(123,425)**		(58,360)	
Proceeds from disposal of fixed assets		**241**		144	
New loan to an associate		**(7,134)**		–	
Net cash used in investing activities			**(130,318)**		(58,216)

Consolidated Cash Flow Statement (Continued)

for the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2014 $'000	2013 $'000	2013 $'000
Financing activities					
Dividends paid to equity shareholders of the Company		**(36,292)**		(31,755)	
Dividends paid to minority shareholders		**(5,132)**		(2,940)	
Proceeds from bank loans		**411,800**		43,193	
Repayment of bank loans		**(422,300)**		(266,001)	
Net cash used in financing activities			**(51,924)**		(257,503)
Increase in cash and cash equivalents			**403,396**		187,622
Cash and cash equivalents at 1 January			**668,972**		471,217
Effect of foreign exchange rate changes			**(1,570)**		10,133
Cash and cash equivalents at 31 December	*19*		**1,070,798**		668,972

The notes on pages 52 to 141 form part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These 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. These 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. These 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 (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair values as explained in the accounting policies set out below:

— derivative financial instruments (see note 1(h)); and

— investment properties (see note 1(i)).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) 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 and the Company:

— 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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in accordance with notes 1(o) or 1(p) depending on the nature of the liability.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests (Continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)) or, when appropriate, the cost on initial recognition of an investment in an associate (see note 1(e)) or joint venture.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 1(l)).

(e) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the associate's net assets and any impairment loss relating to the investment (see notes 1(f) and 1(l)). Any acquisition-date excess over cost, the Group's share of the post acquisition, post-tax results of the associate and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post acquisition post-tax items of the associate's other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Associates (Continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former associate at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial assets (see note 1(g)).

In the Company's balance sheet, an investment in an associate is stated at cost less impairment losses (see note 1(l)).

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generation units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(l)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 1(l)).

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(h) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(k)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the balance sheet date and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(u)(ii).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investment properties (Continued)

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 1(k)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 1(k).

(j) Other property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(l)(ii)):

— buildings held for own use which are situated on leasehold land classified as held under operating leases (see note 1(k)); and

— other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(w)).

Construction in progress is stated at cost, which comprises construction expenditure, including interest costs on related borrowed funds, to the extent that they are regarded as an adjustment to interest costs during the construction period, and the cost of related equipment. Capitalisation of these costs ceases and the construction in progress is transferred to relevant categories of fixed assets when the asset is substantially ready for its intended use, notwithstanding any delays in the issue of the relevant commissioning certificate by the appropriate authorities. No depreciation is provided in respect of construction in progress.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Other property, plant and equipment (Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method, at the following rates per annum:

— Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

— Leasehold improvements	20% to 50% per annum
— Plant and machinery, furniture, fixtures and equipment	10% to 20% per annum
— Motor vehicles	20% per annum

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

— property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as an investment property, is accounted for as if held under a finance lease (see note 1(i)); and

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leased assets (Continued)

(i) Classification of assets leased to the Group (Continued)

— land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 1(i)).

(l) Impairment of assets

(i) Impairment of investments in equity securities and trade and other receivables, deposits and prepayments

Investments in equity securities and trade and other receivables, deposits and prepayments that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and trade and other receivables, deposits and prepayments (Continued)

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For investments in associates accounted for under the equity method in the consolidated financial statements (see note 1(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(l)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(l)(ii).

— For unquoted equity securities and trade and other receivables, deposits and prepayments carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

— For trade and other receivables, deposits and prepayments and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and trade and other receivables, deposits and prepayments (Continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, deposits and prepayments, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— other property, plant and equipment;

— pre-paid interests in leasehold land classified as being held under an operating lease; and

— investments in subsidiaries and associates in the Company's balance sheet.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition and reversal criteria as it would at the end of the financial year (see notes 1(l)(i) and 1(l)(ii)).

Impairment losses recognised in an interim period in respect of unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(n) Trade and other receivables, deposits and prepayments

Trade and other receivables, deposits and prepayments are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(l)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(o) Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(p) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(r) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Further information on the Group's contributions to retirement benefit schemes is set out in note 28.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Employee benefits (Continued)

(ii) Share-based payments (Continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination) and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the balance sheet date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividend is recognised.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Income tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Financial guarantees issued, provisions and contingent liabilities (Continued)

(i) Financial guarantees issued (Continued)

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(t)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee, i.e. the amount initially recognised, less accumulated amortisation.

(ii) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Revenue recognition (Continued)

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Commission income

Commission income is recognised when the relevant services are rendered.

(iv) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of a fixed asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use of sale are interrupted or complete.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled or jointly controlled by a person identified in note 1(x)(i).

(7) A person identified in note 1(x)(i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operation results. Some of the accounting policies require the Group to apply estimates and judgements on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) Valuation of investment properties

As described in note 12, the investment properties are revalued by independent professional valuers on a market value basis at the balance sheet date. Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. Any increase or decrease in the valuations would affect the results of the Group and the Company in future years.

(b) Income taxes

The Group is subject to income taxes in Hong Kong and the People's Republic of China (the "PRC"). Significant judgement may be required in determining the provision for income taxes. There may be transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Key sources of estimation uncertainty (Continued)

(b) Income taxes (Continued)

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profits that will be available against which the tax losses can be utilised. In cases where the actual future taxable profits generated are less than expected, a reversal of deferred tax assets may arise, which will be recognised in profit or loss in the period in which such a reversal takes place.

(c) Impairment of assets

The Group reviews the carrying amounts of assets at each balance sheet date to determine whether there is objective evidence of impairment. When an indication of impairment is identified, management prepares discounted future cash flows to assess the differences between the carrying amount and value in use or fair value less costs of disposal (if higher) and provides for any impairment losses. Any change in the assumptions adopted in the cash flow forecasts would increase or decrease the provision for impairment losses and affect the net asset value of the Group and the Company.

Impairment losses for bad and doubtful debts are assessed and provided for based on the management's regular review of ageing analyses and evaluation of collectibility. A considerable level of judgement is exercised when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment loss would affect the results of the Group and the Company in future years.

(d) Write-down of inventories

The Group reviews the carrying amounts of inventories at each balance sheet date to determine whether the inventories are carried at the lower of cost and net realisable value in accordance with accounting policy as set out in note 1(m). Management estimates the net realisable value based on current market situation and historical experience of similar inventories. Any change in the assumptions would increase or decrease the amount of inventories written-down or the related reversals of write-downs made in prior years and affect the Group's net asset value.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Key sources of estimation uncertainty (Continued)

(e) Depreciation

Fixed assets, other than investment properties and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. The Group reviews annually the useful life of an asset and its residual value, if any. The depreciation expense for future periods is adjusted if there are significant changes from previous estimations.

3. TURNOVER AND SEGMENT REPORTING

(a) Turnover

The principal activities of the Group are the manufacturing and sales of tinplate products, property leasing and the distribution and trading of fresh and live foodstuffs.

Turnover represents the sales value of goods, commission income earned from the distribution of fresh and live foodstuffs and rental income from investment properties, after eliminating intra-group transactions. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2014	2013
	$'000	$'000
Sales of goods		
— Tinplate products	**3,074,926**	3,136,356
— Fresh and live foodstuffs	**218,342**	232,505
	3,293,268	3,368,861
Commission income from the distribution of fresh and live foodstuffs	**96,951**	97,870
Rental income from property leasing	**22,286**	27,203
	3,412,505	3,493,934

3. TURNOVER AND SEGMENT REPORTING (Continued)

(a) Turnover (Continued)

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's revenue. In 2014, revenue from sales of tinplate products to this customer, including sales to entities which are known to the Group to be under common control with this customer, amounted to approximately $776,400,000 (2013: $858,468,000) as also disclosed in note 27(a)(i). Details of concentrations of credit risk are set out in note 24(a).

Further details regarding the Group's principal activities are disclosed below:

(b) 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.

3. TURNOVER AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) 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.

— Segments 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.

3. TURNOVER AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

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

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.

	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

3. TURNOVER AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

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

	2014 $'000	2013 $'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
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

3. TURNOVER AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(iii) 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

(Expressed in Hong Kong dollars unless otherwise indicated)

4. OTHER REVENUE AND NET (LOSS)/INCOME

	2014	2013
	$'000	$'000
Other revenue		
Interest income	**31,958**	16,322
Subsidies received	**1,114**	791
Others	**2,825**	1,748
	35,897	18,861
Other net (loss)/income		
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 14(b))*	**(946)**	–
Gain on deemed disposal of interest in an associate *(note 14(b))*	**–**	5,086
Net loss on disposal of fixed assets	**(818)**	(822)
	(13,576)	33,942

5. PROFIT BEFORE TAXATION

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

	Note	2014 $'000	2013 $'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	*(i), 17(b)*	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	*18(b)*	37	–
Write-down of inventories	*17(b)*	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:

(i) 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.

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) 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 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 rate of 25% that is expected to be applicable in the relevant provinces or economic zones in the PRC.

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

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

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2014 **$'000**	2013 $'000
Profit before taxation	**182,113**	221,579
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**40,321**	46,304
Tax effect of non-deductible expenses	**7,357**	4,799
Tax effect of non-taxable revenue	**(14,977)**	(13,458)
Tax effect of current year's tax losses not recognised	**1,264**	208
Tax effect of utilisation of previous years' unrecognised tax losses	**(3,803)**	(3,422)
Over-provision in respect of prior years	**(1,025)**	(290)
Actual tax expense	**29,137**	34,141

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	2014						
	Directors' fees $'000	Basic salaries, allowances and other benefits $'000	Retirement schemes contributions $'000	Bonus $'000	Sub-total $'000	Share-based payments $'000 *(Note)*	Total $'000
Executive directors							
Tan Yunbiao	–	621	331	840	1,792	(47)	1,745
Li Li	–	782	323	649	1,754	(24)	1,730
Luo Jianhua	–	540	287	696	1,523	(42)	1,481
Sung Hem Kuen	–	1,235	30	257	1,522	(42)	1,480
Non-executive directors							
Liang Jiang (resigned on 16 July 2014)	–	–	–	–	–	(324)	(324)
Liang Jianqin	–	–	–	–	–	–	–
Independent non-executive directors							
Gerard Joseph McMahon	300	–	–	–	300	–	300
Tam Wai Chu, Maria	300	–	–	–	300	–	300
Li Kar Keung, Caspar	300	–	–	–	300	–	300
Total	900	3,178	971	2,442	7,491	(479)	7,012

7. DIRECTORS' REMUNERATION (Continued)

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows: (Continued)

	2013						
	Directors' fees $'000	Basic salaries, allowances and other benefits $'000	Retirement schemes contributions $'000	Bonus $'000	Sub-total $'000	Share-based payments $'000 *(Note)*	Total $'000
Executive directors							
Tan Yunbiao	–	581	325	891	1,797	(224)	1,573
Li Li	–	743	322	770	1,835	(94)	1,741
Luo Jianhua	–	509	282	754	1,545	(196)	1,349
Sung Hem Kuen	–	1,177	30	308	1,515	(192)	1,323
Non-executive directors							
Liang Jiang	–	–	–	–	–	(344)	(344)
Liang Jianqin	–	–	–	–	–	–	–
Independent non-executive directors							
Gerard Joseph McMahon	300	–	–	–	300	–	300
Tam Wai Chu, Maria	300	–	–	–	300	–	300
Li Kar Keung, Caspar	300	–	–	–	300	–	300
Total	900	3,010	959	2,723	7,592	(1,050)	6,542

Note: *This represents the estimated value of share options granted to the directors under the Company's share option schemes. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(r)(ii).*

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share Option Schemes of the Company" in the "Report of the directors" and note 22.

8. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, four (2013: four) are directors whose emoluments are disclosed in note 7. The aggregate emoluments in respect of the one individual for 2014 are as follows:

	2014 **$'000**	2013 $'000
Basic salaries, allowances and other benefits	**663**	632
Retirement schemes contributions	**218**	208
Share-based payments	**(33)**	(155)
Bonus	**563**	616
	1,411	1,301

The emoluments of the one individual with the highest emolument in 2014 (2013: one) are within the following bands:

	2014 **Number of individual**	2013 Number of individual
$1,000,001–$1,500,000	**1**	1

9. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of $95,553,000 (2013: $139,881,000) which has been dealt with in the financial statements of the Company.

Details of dividends paid and payable to equity shareholders of the Company are set out in note 10.

10. DIVIDENDS

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

	2014 $'000	2013 $'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 $'000	2013 $'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

11. 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 *(note 22)*	**–**	289
Weighted average number of ordinary shares (diluted) at 31 December	**907,293**	907,582

12. FIXED ASSETS

(a) The Group

	Buildings held for own use $'000	Leasehold improvements $'000	Construction in progress $'000	Plant and machinery, furniture, fixtures and equipment $'000	Motor vehicles $'000	Sub-total $'000	Investment properties $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Cost or valuation:									
At 1 January 2014	479,360	1,918	37,987	830,895	10,962	1,361,122	381,147	153,598	1,895,867
Exchange adjustments	(1,625)	–	(128)	(2,843)	(34)	(4,630)	(673)	(519)	(5,822)
Additions	279	–	95,481	6,149	1,984	103,893	–	–	103,893
Transfer in from investment properties	23,562	–	–	–	–	23,562	(35,906)	12,344	–
Disposals	–	–	–	(20,846)	(1,363)	(22,209)	–	–	(22,209)
Transfer in from construction in progress	38,719	–	(87,553)	48,834	–	–	–	–	–
Fair value adjustment	–	–	–	–	–	–	37,910	–	37,910
At 31 December 2014	540,295	1,918	45,787	862,189	11,549	1,461,738	382,478	165,423	2,009,639
Representing:									
Cost	540,295	1,918	45,787	862,189	11,549	1,461,738	–	165,423	1,627,161
Valuation — 2014	–	–	–	–	–	–	382,478	–	382,478
	540,295	1,918	45,787	862,189	11,549	1,461,738	382,478	165,423	2,009,639
Accumulated depreciation and impairment losses:									
At 1 January 2014	175,443	1,918	–	453,431	8,392	639,184	–	35,374	674,558
Exchange adjustments	(508)	–	–	(1,307)	(24)	(1,839)	–	(105)	(1,944)
Charge for the year	23,628	–	–	69,093	763	93,484	–	3,846	97,330
Written back on disposals	–	–	–	(19,924)	(1,226)	(21,150)	–	–	(21,150)
At 31 December 2014	198,563	1,918	–	501,293	7,905	709,679	–	39,115	748,794
Net book value:									
At 31 December 2014	341,732	–	45,787	360,896	3,644	752,059	382,478	126,308	1,260,845

12. FIXED ASSETS (Continued)

(a) The Group (Continued)

	Buildings held for own use $'000	Leasehold improvements $'000	Construction in progress $'000	Plant and machinery, furniture, fixtures and equipment $'000	Motor vehicles $'000	Sub-total $'000	Investment properties $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Cost or valuation:									
At 1 January 2013	451,758	1,918	8,806	795,833	9,789	1,268,104	350,974	139,685	1,758,763
Exchange adjustments	14,179	–	276	25,212	280	39,947	6,712	4,374	51,033
Additions	39	–	37,196	4,330	893	42,458	577	–	43,035
Transfer in from investment properties	13,423	–	–	–	–	13,423	(22,962)	9,539	–
Disposals	(39)	–	–	(2,771)	–	(2,810)	–	–	(2,810)
Transfer in from construction in progress	–	–	(8,291)	8,291	–	–	–	–	–
Fair value adjustment	–	–	–	–	–	–	45,846	–	45,846
At 31 December 2013	479,360	1,918	37,987	830,895	10,962	1,361,122	381,147	153,598	1,895,867
Representing:									
Cost	479,360	1,918	37,987	830,895	10,962	1,361,122	–	153,598	1,514,720
Valuation — 2013	–	–	–	–	–	–	381,147	–	381,147
	479,360	1,918	37,987	830,895	10,962	1,361,122	381,147	153,598	1,895,867
Accumulated depreciation and impairment losses:									
At 1 January 2013	150,702	1,918	–	373,169	6,999	532,788	–	30,800	563,588
Exchange adjustments	5,073	–	–	13,117	216	18,406	–	1,021	19,427
Charge for the year	19,672	–	–	68,985	1,177	89,834	–	3,553	93,387
Written back on disposals	(4)	–	–	(1,840)	–	(1,844)	–	–	(1,844)
At 31 December 2013	175,443	1,918	–	453,431	8,392	639,184	–	35,374	674,558
Net book value:									
At 31 December 2013	303,917	–	37,987	377,464	2,570	721,938	381,147	118,224	1,221,309

12. FIXED ASSETS (Continued)

(b) The Company

	Leasehold improvements $'000	Plant and machinery, furniture, fixtures and equipment $'000	Motor vehicles $'000	Sub-total $'000	Investment properties $'000	Total $'000
Cost or valuation:						
At 1 January 2014	1,385	1,336	632	3,353	180,000	183,353
Fair value adjustment	–	–	–	–	36,300	36,300
At 31 December 2014	1,385	1,336	632	3,353	216,300	219,653
Representing:						
Cost	1,385	1,336	632	3,353	–	3,353
Valuation — 2014	–	–	–	–	216,300	216,300
	1,385	1,336	632	3,353	216,300	219,653
Accumulated depreciation:						
At 1 January 2014	1,385	1,150	419	2,954	–	2,954
Charge for the year	–	49	62	111	–	111
At 31 December 2014	1,385	1,199	481	3,065	–	3,065
Net book value:						
At 31 December 2014	–	137	151	288	216,300	216,588

12. FIXED ASSETS (Continued)

(b) The Company (Continued)

	Leasehold improvements $'000	Plant and machinery, furniture, fixtures and equipment $'000	Motor vehicles $'000	Sub-total $'000	Investment properties $'000	Total $'000
Cost or valuation:						
At 1 January 2013	1,385	1,240	632	3,257	139,031	142,288
Additions	–	102	–	102	–	102
Disposals	–	(6)	–	(6)	–	(6)
Fair value adjustment	–	–	–	–	40,969	40,969
At 31 December 2013	1,385	1,336	632	3,353	180,000	183,353
Representing:						
Cost	1,385	1,336	632	3,353	–	3,353
Valuation — 2013	–	–	–	–	180,000	180,000
	1,385	1,336	632	3,353	180,000	183,353
Accumulated depreciation:						
At 1 January 2013	1,385	1,098	357	2,840	–	2,840
Charge for the year	–	58	62	120	–	120
Written back on disposals	–	(6)	–	(6)	–	(6)
At 31 December 2013	1,385	1,150	419	2,954	–	2,954
Net book value:						
At 31 December 2013	–	186	213	399	180,000	180,399

12. FIXED ASSETS (Continued)

(c) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the balance sheet date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 31 December	Fair value measurements as at 31 December 2014 categorised into		
	2014	Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
The Group				
Recurring fair value measurement				
Investment properties:				
— Hong Kong	216,300	–	–	216,300
— The PRC	166,178	–	–	166,178
The Company				
Recurring fair value measurement				
Investment properties:				
— Hong Kong	216,300	–	–	216,300

12. FIXED ASSETS (Continued)

(c) Fair value measurement of properties (Continued)

(i) Fair value hierarchy (Continued)

	Fair value at 31 December 2013 $'000	Fair value measurements as at 31 December 2013 categorised into		
		Level 1 $'000	Level 2 $'000	Level 3 $'000
The Group				
Recurring fair value measurement				
Investment properties:				
— Hong Kong	180,000	–	–	180,000
— The PRC	201,147	–	–	201,147
The Company				
Recurring fair value measurement				
Investment properties:				
— Hong Kong	180,000	–	–	180,000

During the year ended 31 December 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2013: $Nil). The Group's policy is to recognise transfers between the levels of fair value hierarchy as at the end of the reporting period in which they occur.

Investment properties of the Group and the Company 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. The chief financial officer has discussions with the surveyors about the valuation assumptions and valuation results when valuations are performed at each interim and annual report date.

(Expressed in Hong Kong dollars unless otherwise indicated)

12. FIXED ASSETS (Continued)

(c) Fair value measurement of properties (Continued)

(ii) Information about Level 3 fair value measurements

Investment properties	Valuation techniques	Unobservable input	Range	Weighted average
Hong Kong	Income capitalisation approach	Term yield	3% to 3.5% (2013: 3% to 3.5%)	3.5% (2013: 3.5%)
		Reversionary yield	3.5% to 4% (2013: 3.5% to 4%)	4% (2013: 4%)
		Market rent per square foot per month	\$48 to \$58 (2013: \$42 to \$47)	\$54 (2013: \$44)
The PRC	Market comparison approach	Premium (discount) on quality of the buildings	-10% to -29% (2013: -6% to -25%)	-23% (2013: -19%)
		Premium (discount) on quality of the land	-19% to -25% (2013: -19% to -25%)	-20% (2013: -22%)

The fair value of investment properties located in Hong Kong is determined by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. The fair value measurement is positively correlated to the market rent per square foot per month, and negatively correlated to the term yield and reversionary yield.

The fair value of investment properties located in the PRC is determined using a market comparison approach by reference to recent sales prices for comparable properties on a price per square metre basis, adjusted for a premium or a discount specific to the quality of the Group's buildings and land compared to the recent sales. Higher premiums for higher quality buildings and land will result in a higher fair value measurement.

12. FIXED ASSETS (Continued)

(c) Fair value measurement of properties (Continued)

(ii) Information about Level 3 fair value measurements (Continued)

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2014 $'000	2013 $'000
Investment properties — Hong Kong		
At 1 January	180,000	139,031
Fair value adjustment	36,300	40,969
At 31 December	216,300	180,000
Investment properties — the PRC		
At 1 January	201,147	211,943
Additions	–	577
Transfer to buildings held for own use and interests in leasehold land held for own use under operating leases	(35,906)	(22,962)
Fair value adjustment	1,610	4,877
Exchange adjustment	(673)	6,712
At 31 December	166,178	201,147

Fair value adjustment of investment properties is recognised in the line item "net valuation gains on investment properties" on the face of the consolidated income statement.

All the gains recognised in profit or loss for the year arise from the properties held at the balance sheet date.

12. FIXED ASSETS (Continued)

(d) The analysis of net book value of properties is as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
In Hong Kong on long-term leases	**216,300**	180,000	**216,300**	180,000
In the PRC on medium-term leases	**634,218**	623,288	**–**	–
	850,518	803,288	**216,300**	180,000
Representing:				
Land and buildings carried at fair value	**382,478**	381,147	**216,300**	180,000
Buildings carried at cost	**341,732**	303,917	**–**	–
	724,210	685,064	**216,300**	180,000
Interest in leasehold land held for own use under operating leases	**126,308**	118,224	**–**	–
	850,518	803,288	**216,300**	180,000

(e) The Group leases out investment properties under operating leases. The leases run for an initial period of 4 months to 28 years, with an option to renew the leases upon expiry at which time all terms are renegotiated. None of the leases includes contingent rentals.

The Group's and the Company's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Within 1 year	**10,980**	17,433	**3,653**	6,305
After 1 year but within 5 years	**8,401**	13,500	**494**	3,519
After 5 years	**12,012**	12,423	**–**	–
	31,393	43,356	**4,147**	9,824

12. FIXED ASSETS (Continued)

(f) 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.

13. INTEREST IN SUBSIDIARIES

	The Company	
	2014	2013
	$'000	$'000
Unlisted shares, at cost	**209,658**	209,658
Loans to a subsidiary *(note (ii))*	**326,912**	309,020
Amounts due from subsidiaries *(note (iii))*	**365,472**	365,461
	902,042	884,139
Less: Impairment losses	**(258,969)**	(258,969)
	643,073	625,170
Less: Loans to a subsidiary (current portion) *(note (ii))*	**(326,912)**	–
	316,161	625,170

Notes:

(i) Details of the principal subsidiaries are set out in note 32.

(ii) The loans to a subsidiary are interest-bearing at the 2-year fixed deposit rate offered by the designated commercial banks in Hong Kong or in the PRC plus 0.5% per annum for both years. At 31 December 2014, the loans to a subsidiary are unsecured and recoverable within one year. At 31 December 2013, the loans were unsecured and recoverable after 12 months of the balance sheet date.

(iii) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment but are not expected to be recovered within 12 months of the balance sheet date.

13. INTEREST IN SUBSIDIARIES (Continued)

The following table lists out the information relating to Zhongyue Posco (Qinhuangdao) Tinplate Industrial Co., Ltd. ("Zhongyue Posco"), a subsidiary of the Group which has a material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Zhongyue Posco	
	2014	2013
	$'000	$'000
NCI percentage	**34%**	34%
Current assets	**751,765**	661,524
Non-current assets	**309,817**	333,833
Current liabilities	**(576,590)**	(511,504)
Non-current liabilities	**(9,022)**	(9,185)
Net assets	**475,970**	474,668
Carrying amount of NCI	**161,085**	160,643
Revenue	**1,359,009**	1,490,345
Profit for the year	**10,786**	26,321
Total comprehensive income	**9,192**	40,383
Profit allocated to NCI	**3,664**	8,849
Dividend paid to NCI	**2,683**	–
Cash flows from operating activities	**319,949**	313,512
Cash flows from investing activities	**(17,233)**	(366)
Cash flows from financing activities	**(258,521)**	(219,398)

14. INTEREST IN ASSOCIATES

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Unlisted investment, at cost	**–**	–	**240,000**	240,000
Share of net assets	**288,715**	296,205	**–**	–
	288,715	296,205	**240,000**	240,000
Less: Impairment losses	**–**	–	**(75,722)**	(75,722)
	288,715	296,205	**164,278**	164,278

Details of the associates are set out in note 33.

All of the associates are accounted for using the equity method in the consolidated financial statements.

As at 31 December 2014, the Group's interest in Guangdong Zijin Baojin Livestock Co., Ltd. ("Guangdong Baojin") was pledged to the major shareholder of Guangdong Baojin ("the Shareholder") as a security for a loan and the related interest due to the Shareholder by Guangdong Baojin amounted to $11,800,000.

14. INTEREST IN ASSOCIATES (Continued)

(a) Summarised financial information of associates

Summarised financial information of the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	Yellow Dragon Food Industry Co., Ltd. 2014 $'000	2013 $'000
Gross amounts of the associate's		
Current assets	**1,035,565**	849,180
Non-current assets	**397,996**	391,927
Current liabilities	**(886,774)**	(704,969)
Non-current liabilities	**–**	–
Shareholders' equity	**546,787**	536,138
Revenue	**2,064,539**	2,147,600
Profit/(loss) for the year	**12,429**	(10,058)
Other comprehensive income	**(1,780)**	16,540
Total comprehensive income	**10,649**	6,482
Reconciled to the Group's interests in the associate		
Gross amounts of net assets of the associate	**546,787**	536,138
Group's effective interest	**40%**	40%
Group's share of net assets of the associate	**218,715**	214,455
Carrying amount in the consolidated financial statements	**218,715**	214,455

14. INTEREST IN ASSOCIATES (Continued)

(a) Summarised financial information of associates (Continued)

Aggregate information of associates that are not individually material:

	2014 $'000	2013 $'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**70,000**	81,750
Aggregate amounts of the Group's share of the associates'		
— Loss for the year	**(10,455)**	(549)
— Other comprehensive income	**(349)**	1,892
— Total comprehensive income	**(10,804)**	1,343

(b) Deemed acquisition and disposal of interest in an associate

During the year ended 31 December 2013, an associate of the Group, Hubei Jinxu Agriculture Development Co., Ltd. ("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 (note 4).

During the year ended 31 December 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 $946,000 (note 4).

Management considers that the Group is able to exercise significant influence over Hubei Jinxu as a result of representation on the board of directors and material transactions between two entities and, therefore, has accounted for the investment as an associate.

15. OTHER NON-CURRENT FINANCIAL ASSETS

	The Group and the Company	
	2014	2013
	$'000	$'000
Equity securities		
Unlisted equity securities, at cost	540	540
Less: Impairment losses	(540)	(540)
	–	–

16. INCOME TAX IN THE BALANCE SHEET

(a) Current taxation in the consolidated balance sheet represents:

	The Group	
	2014	2013
	$'000	$'000
Provision for Hong Kong Profits Tax for the year	11,040	11,977
Provisional Profits Tax paid	(11,979)	(11,870)
	(939)	107
Balance of Profits Tax provision relating to prior years	1,268	1,268
Taxation outside Hong Kong	34,683	32,008
	35,012	33,383
Representing:		
Current tax recoverable	(4,258)	(517)
Current tax payable	39,270	33,900
	35,012	33,383

16. INCOME TAX IN THE BALANCE SHEET (Continued)

(b) Deferred tax assets and liabilities recognised:

The Group

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of the related depreciation $'000	Revaluation of investment properties $'000	Write-down of inventories $'000	Withholding tax on undistributed profits of PRC subsidiaries and associates $'000	Others $'000	Total $'000
Deferred tax arising from:						
At 1 January 2014	**14,900**	**18,496**	**(4,037)**	**12,252**	**(1,844)**	**39,767**
Exchange adjustments	**(27)**	**(75)**	**14**	**(34)**	**6**	**(116)**
Charged/(credited) to profit or loss	**6,065**	**(3,305)**	**(70)**	**976**	**153**	**3,819**
At 31 December 2014	**20,938**	**15,116**	**(4,093)**	**13,194**	**(1,685)**	**43,470**
At 1 January 2013	14,385	16,732	(2,894)	12,663	(1,668)	39,218
Exchange adjustments	446	545	(108)	355	(54)	1,184
Charged/(credited) to profit or loss	69	1,219	(1,035)	(766)	(122)	(635)
At 31 December 2013	14,900	18,496	(4,037)	12,252	(1,844)	39,767

16. INCOME TAX IN THE BALANCE SHEET (Continued)

(b) Deferred tax assets and liabilities recognised: (Continued)

	The Group	
	2014	2013
	$'000	$'000
Net deferred tax assets recognised in the consolidated balance sheet	(1,831)	(4,943)
Net deferred tax liabilities recognised in the consolidated balance sheet	45,301	44,710
	43,470	39,767

(c) Deferred tax assets not recognised:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Future benefit of tax losses	361,673	364,212	354,159	357,962

In accordance with the accounting policy set out in note 1(s), the Group and the Company have not recognised deferred tax assets in respect of cumulative tax losses of approximately $2.2 billion (2013: approximately $2.2 billion) and approximately $2.1 billion (2013: approximately $2.2 billion) respectively as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities. The tax losses do not expire under the current tax legislation.

17. INVENTORIES

(a) Inventories in the consolidated balance sheet comprise:

	The Group	
	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

(b) An analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	The Group	
	2014	2013
	$'000	$'000
Carrying amount of inventories sold	**3,053,473**	3,135,433
Write-down of inventories	**11,352**	13,573
	3,064,825	3,149,006

18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Trade debtors	**212,047**	193,012	**177**	361
Bills receivable	**257,285**	423,038	**–**	–
Derivative financial instruments *(note 24(d))*	**–**	2,705	**–**	–
Other receivables, deposits and prepayments	**152,683**	67,409	**465**	465
Amounts due from a related company *(note (i))*	**3,907**	9,758	**–**	–
Loan to an associate *(note (ii))*	**7,134**	–	**–**	–
Loans to a subsidiary *(note 13)*	**–**	–	**326,912**	–
Amounts due from subsidiaries *(note (iii))*	**–**	–	**27,033**	21,633
	633,056	695,922	**354,587**	22,459
Less: Deposits and prepayments (non-current portion) *(note (iv))*	**(41,019)**	(13,354)	**–**	–
Trade and other receivables, deposits and prepayments (current portion) *(note (v))*	**592,037**	682,568	**354,587**	22,459

Notes:

(i) The amounts represent trade balances due from a company related to the minority shareholder of a non-wholly owned subsidiary.

(ii) The loan to an associate is unsecured, interest bearing at 6% per annum and repayable within one year.

(iii) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

(iv) The deposits and prepayments (non-current portion) represent the deposits mainly for acquisition of equipment in relation to a new tinplating production line and coating and printing production line.

(v) All of the trade and other receivables, deposits and prepayments of the Group and the Company are expected to be recovered or recognised as expense within one year for both years.

18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(a) Ageing analysis

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 doubtful debts, is as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Within 1 month	**439,649**	616,337	**177**	361
1 to 3 months	**32,218**	6,282	**–**	–
Over 3 months	**1,372**	3,189	**–**	–
	473,239	625,808	**177**	361

The Group maintains a defined policy with credit periods ranging from advance payment to not more than 180 days.

Further details on the Group's credit policy are set out in note 24(a).

(b) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly (see note 1(l)(i)).

The movement in the allowance for doubtful debts during the year are as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
At 1 January	**–**	–	**–**	–
Impairment loss recognised	**37**	–	**–**	–
At 31 December	**37**	–	**–**	–

18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(b) Impairment of trade debtors and bills receivable (Continued)

At 31 December 2014, the Group's trade debtor of $37,000 (2013: $Nil) was individually determined to be impaired. The individually impaired receivable related to a customer that was in financial difficulties and management assessed that recovery of the receivable is considered doubtful. Consequently, specific allowances for doubtful debts of $37,000 (2013: $Nil) were recognised.

(c) Trade debtors and bills receivable that are not impaired

The ageing analysis of trade debtors, bills receivable and trade balances due from a related company that are neither individually nor collectively considered to be impaired is as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Neither past due nor impaired	**456,600**	614,164	**177**	361
Less than 1 month past due	**15,872**	8,412	**–**	–
1 to 3 months past due	**628**	43	**–**	–
More than 3 months but less than 12 months past due	**139**	3,189	**–**	–
Amounts past due	**16,639**	11,644	**–**	–
	473,239	625,808	**177**	361

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been any significant change in credit quality and the balances are still considered fully recoverable.

19. CASH AND CASH EQUIVALENTS

(a)

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Deposits with banks	**–**	72,990	**–**	–
Cash at bank and in hand	**1,070,798**	595,982	**975**	2,885
Cash and cash equivalents in the balance sheets and the consolidated cash flow statement	**1,070,798**	668,972	**975**	2,885

(b) Major non-cash transactions

During the year, the proceeds from bank loans of $387,364,000 (2013: $184,290,000) were directly remitted to a related company to settle the trade balances due to the related company. Hence, these proceeds from bank loans had no cash flow impact to the Group.

20. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Trade creditors	**42,598**	66,353	**–**	–
Other payables and accrued charges	**124,791**	142,353	**10,565**	13,142
Amounts due to a related company *(note (i))*	**163,234**	239,478	**–**	–
Amounts due to associates *(note (ii))*	**1,504**	366	**–**	–
Amounts due to fellow subsidiaries *(note (iii))*	**23,260**	23,250	**–**	–
Amount due to a subsidiary *(note (iii))*	**–**	–	**1,278**	–
Derivative financial instruments *(note 24(d))*	**2,502**	1,035	**–**	–
	357,889	472,835	**11,843**	13,142

20. TRADE AND OTHER PAYABLES (Continued)

Notes:

(i) The amounts represent trade balances due to a company related to the minority shareholder of a non-wholly owned subsidiary.

(ii) The amounts represent trade balances due to associates.

(iii) The amounts due to fellow subsidiaries and a subsidiary are unsecured, interest-free and have no fixed terms of repayment.

(iv) All of the Group's and the Company's trade and other payables are expected to be settled or recognised as income within one year except for the amount of $347,000 (2013: $1,810,000), which is expected to be settled or recognised as income after more than one year.

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:

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'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	**–**	–

21. BORROWINGS

(a) Bank loans

	The Group	
	2014	2013
	$'000	$'000
Unsecured *(note (i))*	**549,344**	172,523

21. BORROWINGS (Continued)

(a) Bank loans (Continued)

The bank loans were repayable as follows:

	The Group	
	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. Further details of the Group's management of liquidity risk are set out in note 24(b). 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).*

21. BORROWINGS (Continued)

		The Group	
		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.

22. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

On 11 June 2004, the shareholders of the Company passed a resolution to adopt a share option scheme (the "2004 Share Option Scheme") with terms compatible with modern practice to recruit and retain quality employees to serve the Group on a long-term basis, to maintain good relationships with its consultants, professional advisers, suppliers of goods or services and customers and to attract human resources that are valuable to the Group. Eligible participants of the 2004 Share Option Scheme include the Company's directors (including non-executive and independent non-executive directors), employees or executives of the Group, consultants or advisers of the Group, suppliers of goods or services to the Group, customers of the Group and substantial shareholders of the Group.

On 29 December 2008, the shareholders of the Company passed a resolution to adopt a new share option scheme (the "2008 Share Option Scheme") with terms compatible with modern practice to recruit and retain quality employees to serve the Group on a long-term basis. Eligible participants of the 2008 Share Option Scheme include the Company's directors, senior management personnel or core technical and managerial personnel of the Group.

Pursuant to the 2008 Share Option Scheme, the directors are authorised, at their discretion, to invite any eligible participants of the Company and its subsidiaries to take up options at nil consideration to subscribe for ordinary shares of the Company. Subject to the fulfilment of performance conditions by the Group and the eligible participants, 40%, 30%, 10% and 20% of the options vest after 2, 3, 4 and 5 years from the date of grant respectively. The share options are exercisable within a period of 5.5 years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in the Company.

On the same day, the shareholders of the Company also passed a resolution to terminate the 2004 Share Option Scheme. Options previously granted under the 2004 Share Option Scheme remain valid until they are exercised or they lapse.

(Expressed in Hong Kong dollars unless otherwise indicated)

22. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

(a) The terms and conditions of the grants that existed during the year are as follows:

	Number of options	Vesting conditions	Contractual life of options
Options held by directors:			
Granted on 9 March 2006	4,200,000	3 months from the date of grant	10 years
Granted on 5 July 2010	3,003,000	*Note*	5.5 years
Options held by employees and other participants:			
Granted on 9 March 2006	300,000	3 months from the date of grant	10 years
Granted on 5 July 2010	1,128,000	*Note*	5.5 years
Total share options	8,631,000		

Note: Subject to the fulfilment of performance conditions of the Group and the eligible participants, 40%, 30%, 10% and 20% of the options vest after 2, 3, 4 and 5 years from the date of grant respectively.

22. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) The number and weighted average exercise prices of share options are as follows:

	2014 Weighted average exercise price	2014 Number of options '000	2013 Weighted average exercise price	2013 Number of options '000
Outstanding at the beginning of the year	**$1.56**	**8,631**	$1.45	14,332
Lapsed during the year	**$1.45**	**(1,997)**	$1.29	(5,701)
Outstanding at the end of the year	**$1.59**	**6,634**	$1.56	8,631
Exercisable at the end of the year	**$1.66**	**4,500**	$1.66	4,500

The options outstanding at 31 December 2014 had a weighted average exercise price of $1.59 (2013: $1.56) and a weighted average remaining contractual life of 1.11 years (2013: 2.09 years).

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model (the "Model"). The contractual life of the share option is used as an input into the Model. Expectations of early exercise are incorporated into the Model.

Share options were granted under performance and service conditions. These conditions have not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

23. CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Note	Share capital $'000	Share premium $'000	Capital reserve-share options $'000	Special capital reserve $'000	Retained profits $'000	Total $'000
Balance at 1 January 2013		453,647	5,419	4,227	107,440	304,622	875,355
Changes in equity for 2013:							
Total comprehensive income for the year		–	–	–	–	139,881	139,881
Dividends approved in respect of the previous year		–	–	–	–	(13,609)	(13,609)
Dividends declared in respect of the current year		–	–	–	–	(18,146)	(18,146)
Share-based payment expenses for the year		–	–	(1,432)	–	–	(1,432)
Share options lapsed during the year		–	–	(58)	–	58	–
Balance at 31 December 2013 and 1 January 2014		**453,647**	**5,419**	**2,737**	**107,440**	**412,806**	**982,049**
Changes in equity for 2014:							
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**95,553**	**95,553**
Dividends approved in respect of the previous year		**–**	**–**	**–**	**–**	**(18,146)**	**(18,146)**
Dividends declared in respect of the current year		**–**	**–**	**–**	**–**	**(18,146)**	**(18,146)**
Share-based payment expenses for the year		**–**	**–**	**(564)**	**–**	**–**	**(564)**
Transition to no-par value regime on 3 March 2014	*23(b)*	**5,419**	**(5,419)**	**–**	**–**	**–**	**–**
Balance at 31 December 2014		**459,066**	**–**	**2,173**	**107,440**	**472,067**	**1,040,746**

23. CAPITAL AND RESERVES (Continued)

(b) Share capital

	2014 Number of shares '000	2014 $'000	2013 Number of shares '000	2013 $'000
Authorised: *(note 1)*				
Ordinary shares of $0.5 each *(note 2)*	**–**	**–**	3,000,000	1,500,000
Ordinary shares, issued and fully paid:				
At 1 January	**907,293**	**453,647**	907,293	453,647
Transition to no-par value regime on 3 March 2014 *(note 3)*	**–**	**5,419**	–	–
At 31 December	**907,293**	**459,066**	907,293	453,647

Note 1: Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

Note 2: In accordance with section 135 of the new Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders as a result of this transition.

Note 3: In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622) on 3 March 2014 any amount standing to the credit of the share premium account has become part of the Company's share capital.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) Shares issued under share option schemes

During the years ended 31 December 2014 and 2013, no share options were exercised.

23. CAPITAL AND RESERVES (Continued)

(d) Nature and purpose of reserves

(i) Share premium

Prior to 3 March 2014, the application of the share premium account was governed by sections 48B of the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account has become part of the Company's share capital (see note 23(b)). The use of share capital as from 3 March 2014 is governed by the new Hong Kong Companies Ordinance (Cap. 622).

(ii) Capital reserve — share options

The capital reserve — share options represents the portion of the grant date fair value of the unexercised share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 1(r)(ii).

(iii) Special capital reserve

The special capital reserve was created under the capital reorganisation of the Company which was completed in 2005. The Company had given an undertaking to the High Court of Hong Kong in relation to the amount credited to such reserve to the effect that such reserve will not be treated as realised profits and will not be distributable unless and until certain conditions have been fulfilled.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 1(v).

(v) Other reserves represent statutory reserves of entities established in the PRC.

(e) Distributability of reserves

At 31 December 2014, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the new Hong Kong Companies Ordinance (Cap. 622), was $305,667,000 (2013: $282,706,000).

23. CAPITAL AND RESERVES (Continued)

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group's capital comprises its equity.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with the advantages and security afforded by a sound capital position and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of 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. It is the Group's strategy to keep the gearing ratio at a reasonable level. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or realise assets to reduce debt. At 31 December 2014 and 2013, the gearing ratio of the Group was as follows:

	2014	2013
	$'000	$'000
Bank loans	**549,344**	172,523
Loans from a related company	**79,560**	79,560
Borrowings	**628,904**	252,083
Less: Cash and cash equivalents	**(1,070,798)**	(668,972)
Net cash	**(441,894)**	(416,889)
Equity attributable to equity shareholders of the Company	**2,410,248**	2,307,664
Gearing ratio	**-18.3%**	-18.1%

The Group is required to maintain its total equity at a certain level to comply with covenants as disclosed in note 21(a)(i). Other than the above, neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to deposits with banks and trade and other receivables, deposits and prepayments. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of deposits with banks, the Group only places deposits with the major financial institutions in the PRC and Hong Kong.

In respect of bills receivable from banks, the Group holds bills receivables issued from the major financial institutions in the PRC.

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

At the balance sheet date, the Group had a certain level of concentration of credit risk as 8.8% (2013: 8.7%) and 27.8% (2013: 32.6%) of the total trade receivables was due from the Group's largest debtor and the five largest debtors respectively.

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

The Group does not provide any other guarantee which would expose the Group to credit risk. Details of guarantees provided by the Company to a subsidiary of the Group are set out in note 21(a).

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables, deposits and prepayments are set out in note 18.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management. However, except for placing fixed deposits with major financial institutions, the individual operating entities require approval from the Company regarding short-term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and cash equivalents and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company are required to pay.

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The Group

	2014 Contractual undiscounted cash inflow/(outflow)					
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000	Total $'000	Carrying amount at 31 December $'000
Bank loans	(156,308)	(400,366)	–	–	(556,674)	(549,344)
Loans from a related company	(80,578)	–	–	–	(80,578)	(79,560)
Trade and other payables	(355,040)	(347)	–	–	(355,387)	(355,387)
	(591,926)	(400,713)	–	–	(992,639)	(984,291)
Derivatives settled gross:						
Forward foreign exchange contracts *(note 24(d))*						
— outflow	(195,000)	–	–	–	(195,000)	
— inflow	196,591	–	–	–	196,591	

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The Group (Continued)

	2013 Contractual undiscounted cash inflow/(outflow)					
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000	Total $'000	Carrying amount at 31 December $'000
Bank loans	(174,127)	–	–	–	(174,127)	(172,523)
Loans from a related company	(80,578)	–	–	–	(80,578)	(79,560)
Trade and other payables	(469,990)	(1,588)	(222)	–	(471,800)	(471,800)
	(724,695)	(1,588)	(222)	–	(726,505)	(723,883)
Derivatives settled gross:						
Forward foreign exchange contracts *(note 24(d))*						
— outflow	(232,886)	–	–	–	(232,886)	
— inflow	232,954	–	–	–	232,954	

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The Company

	2014 Contractual undiscounted cash outflow					
	Within 1 year or on demand $'000	**More than 1 year but less than 2 years $'000**	**More than 2 years but less than 5 years $'000**	**More than 5 years $'000**	**Total $'000**	**Carrying amount at 31 December $'000**
Trade and other payables	**(11,496)**	**(347)**	**–**	**–**	**(11,843)**	**(11,843)**
Financial guarantees issued:						
Maximum amount guaranteed *(note 21(a)(ii))*	**(400,000)**	**–**	**–**	**–**	**(400,000)**	**–**

	2013 Contractual undiscounted cash outflow					
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000	Total $'000	Carrying amount at 31 December $'000
Trade and other payables	(11,332)	(1,588)	(222)	–	(13,142)	(13,142)
Financial guarantees issued:						
Maximum amount guaranteed *(note 21(a)(ii))*	(160,000)	–	–	–	(160,000)	–

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

The Group's and Company's interest rate risk arises primarily from interest-bearing borrowings, cash and cash equivalents and loan to an associate. Borrowings and lendings issued at variable rates and at fixed rates expose the Group and the Company to cash flow interest rate risk and fair value interest rate risk respectively. The Group and the Company have not used financial derivatives to hedge against the interest rate risk. The Group's and the Company's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's and the Company's net borrowings and lendings (being interest-bearing borrowings less cash and cash equivalents and lendings) at the balance sheet date.

The Group

	2014 Effective interest rate per annum	2014 $'000	2013 Effective interest rate per annum	2013 $'000
Fixed rate borrowings:				
Bank loans	1.37%	149,344	1.74%	12,523
Variable rate borrowings:				
Loans from a related company	3-month LIBOR + 1.5%	79,560	3-month LIBOR + 1.5%	79,560
Bank loans	HIBOR* or LIBOR + 1.5%	400,000	HIBOR* + 2%	160,000
		479,560		239,560
Total borrowings		628,904		252,083
Fixed rate lendings:				
Loan to an associate	6%	(7,134)	–	–
Variable rate lendings:				
Cash and cash equivalents	0.85%	(1,070,798)	0.95%	(668,972)
Total net lending		(449,028)		(416,889)
Fixed rate borrowings as a percentage of total borrowings		23.7%		5.0%

* *Hong Kong Interbank Offered Rate ("HIBOR")*

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk (Continued)

(i) Interest rate profile (Continued)

The Company

	2014 Effective interest rate per annum	2014 $'000	2013 Effective interest rate per annum	2013 $'000
Variable rate lendings:				
Loans to a subsidiary	2-year fixed deposit rate offered by the designated commercial banks in Hong Kong or in the PRC + 0.5%	326,912	2-year fixed deposit rate offered by the designated commercial banks in Hong Kong or in the PRC + 0.5%	309,020
Cash and cash equivalents	0%	975	0%	2,885
Total net lending		327,887		311,905

(ii) Sensitivity analysis

At 31 December 2014, it is estimated that a general increase of 100 (2013: 100) basis points or a general decrease of 10 (2013: 10) basis points in interest rates, with all other variables held constant, would have led to an increase of approximately $3,231,000 (2013: $1,984,000) or a decrease of approximately $323,000 (2013: $198,000) respectively in the Group's profit after taxation and retained profits.

The sensitivity analysis above indicates the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the Group's profit after taxation (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis has been performed on the same basis for 2013.

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk

The Group is exposed to currency risk primarily through purchases from overseas suppliers and export sales to overseas customers that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is mainly the United States 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.

(i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities (other than inter-company loans and forward exchange contracts) denominated in a currency other than the functional currency of the entity to which they relate.

The Group

	2014	
	United States Dollar '000	Renminbi '000
Trade and other receivables, deposits and prepayments	8,892	–
Cash and cash equivalents	18,685	19,264
Bank loans	(49,147)	–
Loans from a related company	(10,200)	–
Trade and other payables	(22,867)	(6,855)
Gross exposure arising from recognised assets and liabilities	(54,637)	12,409

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

(i) Exposure to currency risk (Continued)

The Group (Continued)

	2013	
	United States Dollar '000	Renminbi '000
Trade and other receivables, deposits and prepayments	7,637	–
Cash and cash equivalents	15,625	19,735
Bank loans	(1,605)	–
Loans from a related company	(10,200)	–
Trade and other payables	(31,485)	(3,845)
Gross exposure arising from recognised assets and liabilities	(20,028)	15,890

The Company

	2014		2013	
	United States Dollar '000	**Renminbi '000**	United States Dollar '000	Renminbi '000
Cash and cash equivalents	**32**	**–**	33	–
Overall net exposure	**32**	**–**	33	–

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

(i) Exposure to currency risk (Continued)

In addition, at 31 December 2014, the Group is exposed to currency risk arising from certain intercompany loans amounting to $140,000,000, RMB61,000,000 and US$65,660,000 (equivalent to $729,472,000 in aggregate) (2013: $140,000,000, RMB61,000,000 and US$35,660,000 (equivalent to $495,734,000 in aggregate)) which are not in the functional currency of the relevant companies.

Furthermore, at 31 December 2014, forward foreign exchange contracts of notional amounts totalling JPY Nil (2013: JPY234,000,000 (equivalent to $17,222,000)) and RMB155,089,000 (equivalent to $196,591,000) (2013: RMB169,614,000 (equivalent to $215,732,000)) against United States Dollars were entered into by the Group for hedging the currency risk of forecast transactions. Changes in the fair value of forward foreign exchange contracts are recognised in profit or loss and their net fair values at 31 December 2014 of $Nil (2013: $2,705,000) and $2,502,000 (2013: $1,035,000) were recognised as derivative financial instruments and included in trade and other receivables, deposits and prepayments (note 18) and trade and other payables (note 20) respectively.

(ii) Sensitivity analysis

The sensitivity analysis set out below indicates the instantaneous change in the Group's profit after taxation (and retained profits) and other components of consolidated equity that would have arisen if foreign exchange rates to which the Group has significant exposure at the balance sheet date had changed at that date, assuming all other risk variables remained constant.

At 31 December 2014, it is estimated that if United States Dollars had weakened or strengthened by 3% (2013: weakened by 3% or strengthened by 1%) against Renminbi with all other variables held constant, the Group's profit after taxation and retained profits would have been increased or decreased by $16,175,000 (2013: increased by $10,257,000 or decreased by $3,419,000) respectively.

At 31 December 2014, it is estimated that if Renminbi had strengthened or weakened by 3% (2013: strengthened by 3% or weakened by 1%) against Hong Kong Dollars with all other variables held constant, the Group's profit after taxation and retained profits would have been increased or decreased by $11,748,000 (2013: increased by $12,464,000 or decreased by $4,187,000) respectively.

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

(ii) Sensitivity analysis (Continued)

The analysis is prepared under the assumption that, the pegged rate between the Hong Kong Dollars and United States Dollars would be materially unaffected by any changes in movement in value of United States Dollars against other currencies. That is, for entities with Hong Kong Dollars as their functional currency, United States Dollars denominated assets and liabilities are assumed to have no currency risk exposure.

Results of the analysis as presented above represent an aggregation of the instantaneous effects on each of the Group entities' profit after taxation and equity measured in the respective functional currencies, translated into Hong Kong Dollars at the exchange rate ruling at the balance sheet date for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to currency risk at the balance sheet date, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis has been performed on the same basis for 2013.

(e) Fair value measurement

(i) Financial instruments measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the balance sheet date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement (Continued)

(i) Financial instruments measured at fair value (Continued)

Fair value hierarchy (Continued)

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

Valuation reports on fair value measurement of financial instruments are prepared by financial institutions. The chief financial officer has discussions with these financial institutions about the valuation assumptions and valuation results when the valuations are performed at each interim and annual reporting date.

	2014							
	The Group				The Company			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Derivative financial instruments								
Forward foreign exchange contracts:								
— Assets	–	–	–	–	–	–	–	–
— Liabilities	–	(2,502)	–	(2,502)	–	–	–	–

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement (Continued)

(i) Financial instruments measured at fair value (Continued)

Fair value hierarchy (Continued)

	2013							
	The Group				The Company			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Derivative financial instruments								
Forward foreign exchange contracts:								
— Assets	–	2,705	–	2,705	–	–	–	–
— Liabilities	–	(1,035)	–	(1,035)	–	–	–	–

During the years ended 31 December 2014 and 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between the levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of forward foreign exchange contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant government yield curve as at the balance sheet date plus an adequate constant credit spread.

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

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2014 and 2013, except for amounts due from/to subsidiaries that are interest free and have no fixed terms of repayment. In view of the terms of these balances, it is not practicable to estimate their fair value.

25. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2014 not provided for in the financial statements were as follows:

	The Group	
	2014	2013
	$'000	$'000
Contracted for	**106,602**	124,332
Authorised but not contracted for	**76,938**	130,267
	183,540	254,599

The board of directors of the Company approved the construction of a new tinplating production line with an annual production capacity of 150,000 tonnes, together with construction of supplementary coating and printing production line. It is estimated that the total investment costs of these production lines will amount to approximately RMB265 million (equivalent to approximately $336 million).

(b) At 31 December 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2014	2013
	$'000	$'000
Within 1 year	**3,659**	3,098
After 1 year but within 5 years	**2,955**	4,667
	6,614	7,765

The Group leases a number of properties under operating leases. The leases run for an initial period of 1 to 4 years, with an option to renew each lease upon expiry when all terms are renegotiated. None of the leases includes contingent rentals.

(c) At 31 December 2014, the Company had committed to provide additional capital of $6,489,000 (2013: $6,489,000) to an associate of the Group.

26. CONTINGENT LIABILITIES

In 2013, a PRC third party filed a claim against a subsidiary of the Group in the Court of Zhongshan City to recover an outstanding trade debt of approximately RMB2,060,000 (equivalent to $2,611,000) and a penalty of approximately RMB4,962,000 (equivalent to $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 PRC third party has also filed claims in respect of the same matter and had won the case, but the claims were finally denied by 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.

27. MATERIAL RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

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

	Note	**2014** **$'000**	2013 $'000
Sales of goods to related companies	*(i)*	**776,400**	858,468
Commission paid/payable to a related company	*(i), (ii)*	**11,264**	12,447
Commission received/receivable from associates	*(iii)*	**15,889**	11,342
Purchases of goods from associates	*(iv)*	**5,019**	9,350
Purchases of goods from related companies	*(i)*	**1,219,977**	1,210,789
Transport services fee paid/payable to a related company	*(i)*	**1,906**	–

27. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

Notes:

(i) Related companies refer to a minority shareholder of a non-wholly owned subsidiary of the Group, POSCO Co., Ltd. and its subsidiaries ("POSCO Group").

(ii) Commission in respect of export distribution services provided to the Group is charged at 1.5% of the contracted prices payable by the overseas customers.

(iii) This represents commission earned for services rendered to associates in respect of distribution of fresh and live foodstuffs.

(iv) This represents purchases of goods from associates in respect of trading of fresh and live foodstuffs.

(v) Balances with related parties at 31 December are included in amounts due from/to the respective parties in the consolidated balance sheet. Except for the trade balances with related parties as disclosed in notes 18 and 20 which are settled in accordance with normal trade terms, the loan to an associate as disclosed in note 18 and the loans from a related company as disclosed in note 21(b), these balances are unsecured, interest-free and have no fixed terms of repayment.

(b) Applicability of the Listing Rules relating to connected transactions

The related party transactions with POSCO Group above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are set out in "Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" section of the annual report on pages 142 and 143. The related party transactions in respect of distribution of fresh and live foodstuffs with associates do not fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

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

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

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

— Sales and purchase of goods and ancillary materials;

— Rendering and receiving services;

27. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with other state-controlled entities in the PRC (Continued)

— Lease of assets;

— Purchase of property, plant and equipment; and

— Obtaining finance.

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

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

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 is as follows:

	The Group	
	2014	2013
	$'000	$'000
Short-term employee benefits	**5,620**	5,733
Post-employment benefits	**971**	959
Equity compensation benefits	**(479)**	(1,050)
	6,112	5,642

Total remuneration is included in "staff costs" (see note 5(b)).

28. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees in Hong Kong under the jurisdiction of the Hong Kong Employment Ordinance. The assets of the MPF Scheme are held separately from those of the Group and administered by an independent trustee. Under the MPF Scheme, the Group and its employees are each required to make a contribution to the Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $30,000 ($25,000 prior to June 2014) (the "Cap"). The amounts in excess of the Cap are contributed to the MPF Scheme by both employers and employees as voluntary contributions. Mandatory contributions to the MPF Scheme are vested to the employees immediately. Any unvested balance from voluntary contributions is refunded to the Group.

Employees engaged by the Group outside Hong Kong are covered by the appropriate local defined contribution retirement schemes pursuant to the local labour rules and regulations.

The Group's pension cost charged to the consolidated income statement for the year ended 31 December 2014 was $11,625,000 (2013: $11,699,000). No forfeited contributions were refunded for either year.

29. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The directors consider the immediate and ultimate holding company at 31 December 2014 to be GDH Limited and Guangdong Holdings Limited respectively. GDH Limited is incorporated in Hong Kong and Guangdong Holdings Limited is established in the PRC. Guangdong Holdings Limited produces financial statements available for public use.

30. SUBSEQUENT EVENTS

(a) 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%.

(b) After the balance sheet date, the directors proposed a final dividend. Further details are disclosed in note 10(a).

(Expressed in Hong Kong dollars unless otherwise indicated)

31. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Annual improvements to HKFRSs 2010–2012 cycle	1 July 2014
Annual improvements to HKFRSs 2011–2013 cycle	1 July 2014
Annual improvements to HKFRSs 2012–2014 cycle	1 January 2016
Amendments to HKAS 16 and HKAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
HKFRS 15, *Revenue from contracts with customers*	1 January 2017
HKFRS 9, *Financial instruments*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) came into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

(Expressed in Hong Kong dollars unless otherwise indicated)

32. LIST OF PRINCIPAL SUBSIDIARIES

Particulars of the subsidiaries which principally affected the results, assets and liabilities of the Group at 31 December 2014 are as follows:

Name of subsidiary	Place of incorporation or establishment/ place of operations	Class of shares held	Particulars of issued and paid up capital/ registered capital	Proportion of nominal value of issued capital/registered capital held by the Company	Proportion of nominal value of issued capital/registered capital held by a subsidiary	Principal activities
Guangnan Hong Company Limited	Hong Kong	Ordinary	$73,916,728	100%	–	Distribution and sales of fresh and live foodstuffs and foodstuffs trading
Guangnan Live Pigs Trading Limited	Hong Kong	Ordinary	$12,000,000	–	51%	Distribution of live pigs
Zhongyue Industry Material Limited	Hong Kong	Ordinary Non-voting deferred	$10 $230,000,000	–	100%	Investment holding
Zhongshan Zhongyue Tinplate Industrial Co., Ltd.#^	The PRC	N/A	US$84,252,800	–	100%	Production and sales of tinplate products and property leasing
Zhongyue Posco (Qinhuangdao) Tinplate Industrial Co., Ltd.*^	The PRC	N/A	US$30,000,000	–	66%	Production and sales of tinplate products

\# *a wholly foreign-owned enterprise*

* *an equity joint venture*

^ *companies not audited by KPMG*

33. DETAILS OF ASSOCIATES

The following list contains the particulars of associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Place of establishment and operations	Class of shares held	Proportion of nominal value of issued capital/registered capital held by the Company	Proportion of nominal value of issued capital/registered capital held by a subsidiary	Principal activities
Yellow Dragon Food Industry Co., Ltd.* ("Yellow Dragon")	The PRC	N/A	40%	–	Processing and sales of corn food and feed products *(Note (i))*
Hubei Jinxu Agriculture Development Co., Ltd.*	The PRC	Ordinary	–	16.12% (2013: 15.20%)	Pig farming and sales of pigs and related activities *(Note (ii))*
Guangdong Zijin Baojin Livestock Co., Ltd.*	The PRC	N/A	–	34%	Pig farming and sales of pigs

* *equity joint ventures*

Notes:

(i) Yellow Dragon is engaged in the processing and sale of corn food and feed products, enabling the Group to have exposure to this industry through the expertise of the joint venture partner.

(ii) Hubei Jinxu is engaged in pig farming, sales of pigs and related activities in Guangdong and Hubei, enabling the Group to maintain stable and premium quality sources of live pigs for distribution to Hong Kong.

Transactions Disclosed in Accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

1. During the year, the Group had the following connected transactions which are required to be disclosed in the annual report in accordance with the disclosure requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The transactions described in A, B, C and D below (collectively the "Transactions") are continuing connected transactions subject to annual review requirements under Rules 14A.55 to 14A.59 of the Listing Rules and reporting requirements under Rules 14A.49 and 14A.71 of the Listing Rules.

   Details of the Transactions during the year were as follows:

   A. Zhongshan Zhongyue Tinplate Industrial Co., Ltd. ("Zhongyue Tinplate") and Zhongyue Posco (Qinhuangdao) Tinplate Industrial Co., Ltd. ("Zhongyue Posco"), a 66% owned subsidiary of the Group, purchased blackplates from POSCO Co., Ltd. ("POSCO") and its subsidiaries (collectively "POSCO Group") in their ordinary course of business and on normal commercial terms for approximately HK$1,219,977,000 ("Purchase of Blackplate Transaction"). POSCO is a substantial shareholder of Zhongyue Posco.

   B. Zhongyue Tinplate supplied tinplate products to POSCO Asia Company Limited ("POSCO Asia") in its ordinary course of business and on normal commercial terms for approximately HK$667,000 ("Sales of Tinplate Transaction by Zhongyue Tinplate"). POSCO Asia is a wholly-owned subsidiary of POSCO, which is a substantial shareholder of Zhongyue Posco.

   C. Zhongyue Posco supplied tinplate products to POSCO Asia in its ordinary course of business and on normal commercial terms for approximately HK$764,469,000 (net of commission expense) ("Sales of Tinplate Transaction by Zhongyue Posco").

   D. POSCO-China Holding Corporation ("POSCO China") provided certain services to Zhongyue Tinplate in respect of the transport of the blackplates supplied by POSCO Asia to Zhongyue Tinplate in its ordinary course of business and on normal commercial terms for approximately HK$1,906,000 ("Provision of Service Transaction to Zhongyue Tinplate"). POSCO China is a wholly-owned subsidiary of POSCO, which is a substantial shareholder of Zhongyue Posco.

   The board of directors of the Company (the "Board") including the Independent Non-Executive Directors have reviewed the Transactions described in A, B, C and D above and confirmed that the Transactions were:

   (i) entered into by Zhongyue Tinplate and Zhongyue Posco in their ordinary and usual course of businesses;

   (ii) conducted on normal commercial terms or better from the perspective of Zhongyue Tinplate and Zhongyue Posco; and

   (iii) entered into in accordance with the agreements governing the Transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Board including the Independent Non-Executive Directors also confirmed that:

(i) the aggregate amount for the year ended 31 December 2014 did not exceed the annual cap amount of HK$1,474,200,000 for the Purchase of Blackplate Transaction as disclosed in the announcement dated 14 December 2012;

(ii) the aggregate amount for the year ended 31 December 2014 did not exceed the annual cap amount of HK$39,312,000 for the Sales of Tinplate Transaction by Zhongyue Tinplate as disclosed in the announcement dated 14 December 2012;

(iii) the aggregate amount for the year ended 31 December 2014 did not exceed the annual cap amount (net of commission expense) of HK$1,065,480,000 for the Sales of Tinplate Transactions by Zhongyue Posco as disclosed in the announcement dated 14 December 2012; and

(iv) the aggregate amount for the year ended 31 December 2014 did not exceed the annual cap amount of HK$2,283,000 for the Provision of Service Transaction to Zhongyue Tinplate as disclosed in the announcement dated 22 August 2014.

The Company's auditors were engaged to report on the Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "*Assurance Engagements Other Than Audits and Reviews of Historical Financial Information*" and with reference to Practice Note 740 "*Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules*" issued by the HKICPA. The Company's auditors have issued their unqualified letter containing their findings and conclusions in respect of the Transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

2. On 15 January 2014, Zhongyue Industry Material Limited, a wholly-owned subsidiary of the Company, entered into a facility agreement (the "Facility Agreement") for a term loan facility in the principal amount of up to HK$400,000,000 with two banks (the "Lenders"). It is provided in the Facility Agreement that if GDH Limited ceases to maintain (i) a direct or indirect holding of 50% or more of the share capital of the Company, or (ii) management control over the Company, then the Lenders are entitled to request immediate repayment of all outstanding loans under the Facility Agreement and all accrued interest thereunder.

   Save as disclosed above, the Company does not have other disclosure obligations under Rule 13.21 of the Listing Rules.

Investment Properties

MAJOR PROPERTIES HELD FOR INVESTMENT

Location	Existing use	Group's interest	Category of the lease
29/F, Shui On Centre, 6–8 Harbour Road, Wan Chai, Hong Kong	Commercial	100%	Long
Land, buildings and structure of Zhongshan Zhongyue Tinplate Industrial Co., Ltd., 25 Yanjiangdongyi Road, Torch Development Zone, Zhongshan, Guangdong Province, the PRC	Industrial/Residential	100%	Medium

Financial Summary

(Expressed in Hong Kong dollars)

RESULTS

	For the year ended 31 December				
	2014	2013	2012	2011	2010
	$'000	$'000	$'000	$'000	$'000
Turnover	**3,412,505**	3,493,934	3,346,291	3,404,115	2,870,206
Profit from operations	**159,255**	186,257	154,215	215,037	243,272
Net valuation gains on investment properties	**37,910**	45,846	16,845	28,747	6,634
Finance costs	**(9,569)**	(5,952)	(6,438)	(11,675)	(8,654)
Share of profits less losses of associates	**(5,483)**	(4,572)	(12,526)	33,018	27,144
Profit before taxation	**182,113**	221,579	152,096	265,127	268,396
Income tax	**(29,137)**	(34,141)	(28,639)	(33,400)	(49,760)
Profit for the year	**152,976**	187,438	123,457	231,727	218,636
Attributable to:					
Equity shareholders of the Company	**144,895**	173,880	114,921	213,155	202,920
Non-controlling interests	**8,081**	13,558	8,536	18,572	15,716
Profit for the year	**152,976**	187,438	123,457	231,727	218,636
Earnings per share					
Basic	**16.0 cents**	19.2 cents	12.7 cents	23.5 cents	22.4 cents
Diluted	**16.0 cents**	19.2 cents	12.7 cents	23.5 cents	22.4 cents
Dividend per share					
Interim	**2.0 cents**	2.0 cents	1.5 cents	2.5 cents	3.0 cents
Proposed final	**2.5 cents**	2.0 cents	1.5 cents	2.5 cents	2.0 cents

(Expressed in Hong Kong dollars)

ASSETS AND LIABILITIES

	As at 31 December				
	2014	2013	2012	2011	2010
	$'000	$'000	$'000	$'000	$'000
Fixed assets	**1,260,845**	1,221,309	1,195,175	1,249,832	1,230,839
Interest in associates	**288,715**	296,205	287,183	299,259	214,724
Other non-current assets	**42,850**	18,297	3,946	3,914	3,749
Net current assets	**1,460,331**	1,011,345	1,014,167	699,325	694,610
Total assets less current liabilities	**3,052,741**	2,547,156	2,500,471	2,252,330	2,143,922
Non-current liabilities	**(445,301)**	(44,710)	(203,164)	(39,626)	(204,600)
Net assets	**2,607,440**	2,502,446	2,297,307	2,212,704	1,939,322
Share capital: nominal value#	**–**	453,647	453,647	453,647	452,962
Other statutory capital reserves#	**–**	5,419	5,419	5,419	4,770
Share capital and other statutory capital reserves#	**459,066**	459,066	459,066	459,066	457,732
Other reserves	**1,951,182**	1,848,598	1,660,202	1,582,650	1,333,264
Total equity attributable to equity shareholders of the Company	**2,410,248**	2,307,664	2,119,268	2,041,716	1,790,996
Non-controlling interests	**197,192**	194,782	178,039	170,988	148,326
Total equity	**2,607,440**	2,502,446	2,297,307	2,212,704	1,939,322

Note to the financial summary:

\# *As the term "share capital" includes the share premium account from the commencement date of the new Hong Kong Company Ordinance of 3 March 2014, but not before that date, presentation of "capital and reserves" has been revised by providing a further breakdown in order to be consistent with both the old and new terminology.*

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