



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

股份代號 Stock Code: 1203

2015
ANNUAL REPORT 年報



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Corporate Information

(As at 24 March 2016)

BOARD OF DIRECTORS

Executive Directors

TAN Yunbiao (*Chairman and General Manager*)
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 Shanhaiguankaifu 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

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

SHAREHOLDERS' CALENDAR

<i>Closure of Register of Members (for attending Annual General Meeting)</i>	6 June 2016 to 8 June 2016
<i>Closure of Register of Members (for payment of final dividend)</i>	15 June 2016 to 17 June 2016
<i>Annual General Meeting Final Dividend Payment Date</i>	8 June 2016 HK1.0 cent per share 27 June 2016

Financial Highlights

(Expressed in Hong Kong dollars)

For the year ended 31 December

	2015 \$'000	2014 \$'000	Change
Revenue	2,478,661	3,412,505	-27.4%
Profit from operations	87,203	159,255	-45.2%
Profit attributable to shareholders	66,285	144,895	-54.3%
Basic earnings per share	7.3 cents	16.0 cents	-54.4%
Dividend per share			
Interim	2.0 cents	2.0 cents	
Proposed final	1.0 cent	2.5 cents	
	3.0 cents	4.5 cents	-33.3%

At 31 December

	2015 \$'000	2014 \$'000	Change
Total assets	3,140,529	3,678,804	-14.6%
Shareholders' equity	2,330,252	2,410,248	-3.3%
Net asset value per share ¹	\$2.57	\$2.66	-3.4%
Closing market price per share	\$1.03	\$1.06	
Net (cash)/borrowings ²	(616,793)	(441,894)	
Gearing ratio ³	-26.5%	-18.3%	

Notes:

1.
$$\frac{\text{Shareholders' equity}}{\text{Number of ordinary shares in issue}}$$

2. Borrowings – cash and cash equivalents

3.
$$\frac{\text{Net (cash)/borrowings}}{\text{Shareholders' equity}}$$

Chairman's Statement

I hereby report to the shareholders that Guangnan (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") recorded a consolidated profit attributable to equity shareholders of the Company of HK\$66,285,000 in 2015, representing a decrease of 54.3% compared with HK\$144,895,000 in 2014. The basic earnings per share was HK7.3 cents, representing a decrease of 54.4% from HK16.0 cents in 2014.

DIVIDEND

The board of directors of the Company (the "Board") recommends the payment of a final dividend of HK1.0 cent per share for the year 2015. The abovementioned final dividend for 2015, subject to the approval by the shareholders of the Company at the annual general meeting, is expected to be paid on 27 June 2016.

BUSINESS REVIEW

In 2015, the tinplating business of the Group recorded a decrease in both revenue and profit, while the fresh and live foodstuffs business recorded an increase in revenue and profit. The Group's consolidated revenue was HK\$2,478,661,000, representing a decrease of 27.4% from HK\$3,412,505,000 in 2014. Profit from operations was HK\$87,203,000, representing a decrease of 45.2% from HK\$159,255,000 in 2014.

In respect of our tinplating business, with more new tinplating production lines operated by other companies in Mainland China commencing production in recent years, the excess of supply over demand in the iron and steel industry and intense competition placed significant pressure on the sales of tinplate products. As a result, the selling price and sales volume of tinplate products of the Group decreased during the year, and gross profit for 2015 decreased as compared to that in 2014. Furthermore, due to the depreciation of the Renminbi against the United States Dollar since the second half of 2015, the exchange loss for 2015 increased as compared to that in 2014. Hence, the segment profit of the Group's tinplating business in 2014 turned to a segment loss in 2015.

As to the fresh and live foodstuffs business, the price of live pigs in 2015 increased as compared to that in 2014, and hence the revenue and profit of the fresh and live foodstuffs business recorded an increase. However, avian flu still had impact on our distribution and sales of live poultry business, resulting in the suspension of the import of live poultry into Hong Kong for the whole 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 45%. This provided a relatively steady contribution to the earnings of the Group.

In respect of the property leasing business, the increase in the valuation of office units in Hong Kong slowed down in 2015 and net valuation gains on investment properties of HK\$4,200,000 (2014: HK\$37,910,000) 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., sales price and sales volume of its products decreased during the year. However, as the purchase cost of raw materials remained at a high level, it turned from a profit in 2014 to a loss in 2015. On the other hand, the increase in the price of live pigs led to significant reduction in losses incurred by the associates, which are engaged in pig farming and sales of pigs, as compared to that in 2014.

Chairman's Statement (Continued)

PROSPECTS

Currently, in macroeconomic respects, the recovery of the European and US economies is slow, while the economy in Mainland China is facing downward pressure. Moreover, capital markets are volatile. All these uncertainties will have substantial pressure on the sales of tinplate products and there will be more challenges in the operating environment and earnings in the foreseeable future. According to the statistics of the China Iron and Steel Association, in 2015, the iron and steel industry in Mainland China as a whole entered into a state of loss. On the other hand, the Renminbi depreciated against the United States Dollar since the second half of 2015. Although it stabilised in recent months, it is expected to affect the Group's earnings.

In respect of the tinplating business, the Group will strive to stabilise production and sales volume, to raise revenue and cut costs in order to reduce losses and return to a profit. Meanwhile, we will also actively transform and upgrade our business and implement differentiation in operation. The new tinplating production line in Zhongshan commenced operation at the end of 2015, which improves the standard of production equipment and product quality, and strengthens our core competitiveness. Besides, the new coating and printing production lines, which commenced operation consecutively at the end of 2014, enrich varieties in product categories and enhance value-added. As to the fresh and live foodstuffs business, in order to further improve our quality services, we will consolidate and develop our business chain operation. Through enhancing our supply chain management, we will continue to explore new and stable sources of supply for live pigs, ensure market supply and increase revenue. By leveraging on our sound financial position and abundant capital resources, we will continue to explore and capture various opportunities for development and strategic cooperation so as to promote the business of the Group to a new level.

Tan Yunbiao
Chairman

Hong Kong, 24 March 2016

Management Discussion and Analysis

BUSINESS REVIEW

Tinplating

Zhongshan Zhongyue Tinplate Industrial Co., Ltd. (“Zhongyue Tinplate”) is a wholly-owned subsidiary of the Company. The Company holds a 66% interest in Zhongyue Posco (Qinhuangdao) Tinplate Industrial Co., Ltd. (“Zhongyue Posco”) while the remaining 34% is held by POSCO Co., Ltd., an internationally renowned iron and steel enterprise. The new tinplating production line in Zhongshan, with an annual production capacity of 150,000 tonnes, commenced operation at the end of 2015. It not only enables the Group to improve the standard of production equipment and product quality and refine the product mix, but also facilitates the development of new products and strengthens our core competitiveness. Besides, the new coating and printing production lines, which commenced operation consecutively at the end of 2014, enrich varieties in product categories and enhance value-added. Moreover, with the change in customers’ needs, and advancing production technology with each passing day, the application thickness of tinplate products nowadays is getting thinner. Hence the Group has reassessed the production capacity of all production lines. Together with the new tinplating production line that commenced operation recently, the annual production capacity of tinplate products and blackplates of the Group is 550,000 tonnes and 140,000 tonnes respectively, of which 350,000 tonnes of tinplate products and 140,000 tonnes of blackplates are from Zhongyue Tinplate’s capacity, whereas 200,000 tonnes of tinplate products are from Zhongyue Posco’s capacity.

The major key performance indicators of the Group’s tinplating business are sales volume of tinplate products, revenue and segment profit. The performance for this year was unsatisfactory. In 2015, the Group produced 315,588 tonnes of tinplate products, representing a decrease of 19.6% as compared to that in 2014. Among which, Zhongyue Tinplate and Zhongyue Posco produced 190,800 tonnes and 124,788 tonnes respectively. In addition, the blackplate manufacturing plant of Zhongyue Tinplate produced 111,820 tonnes of blackplates, a decrease of 15.8% as compared to that in 2014, 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 316,025 tonnes of tinplate products, a decrease of 20.4% as compared to that in 2014, of which, Zhongyue Tinplate and Zhongyue Posco sold 191,366 tonnes and 124,659 tonnes of tinplate products respectively. Revenue was HK\$2,107,863,000, a decrease of 31.4% as compared to that in 2014 and segment loss was HK\$8,371,000, a decrease of HK\$82,844,000 as compared to segment profit of HK\$74,473,000 in 2014. The tinplating business accounted for 85.0% of the Group’s revenue.

Management Discussion and Analysis (Continued)

BUSINESS REVIEW (Continued)

Tinplating (Continued)

With more new tinplating production lines operated by other companies in Mainland China commencing production in recent years and capturing market share by selling at prices lower than market rates, the excess of supply over demand in the iron and steel industry and intense competition placed significant pressure on the sales of tinplate products. As a result, the selling price and sales volume of tinplate products of the Group decreased during the year, and gross profit for 2015 decreased as compared to that in 2014. Furthermore, due to the depreciation of the Renminbi against the United States Dollar in the second half of 2015, the exchange loss for 2015 increased as compared to that in 2014. Hence, segment profit of the Group's tinplating business in 2014 turned to a segment loss in 2015. During the year, the Group negotiated with its suppliers more beneficial purchase prices for raw materials in order to mitigate the pressure on the Group regarding the decrease in the selling price of tinplate products. Through the pursuit of more flexible payment methods with its suppliers, the Group successfully increased liquidity of its working capital. Interest income increased accordingly. The Group strived to stabilise the sales volume by capitalising on the favourable position in capital management, adopting selling prices more comparable to the market rate and adopting effective control in trade receivables' management.

The Group continued the implementation of various measures of its human resources refining project by streamlining human resources, elevating efficiency and optimising performance management. It also established interdepartmental sales and marketing teams and promoted service transformation so as to enhance customer service. In addition, Zhongyue Tinplate upgraded its safety production standardisation level, which effectively protects the work safety of staff and improves production efficiency.

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 15.45% (31 December 2014: 16.12%) 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 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%.

The major key performance indicators of the Group's fresh and live foodstuffs business are market share in the live pigs supply into Hong Kong, revenue and segment profit. The performance for this year was satisfactory. In 2015, the revenue of the fresh and live foodstuffs business amounted to HK\$349,341,000, representing an increase of 10.8% as compared to that in 2014. Together with the share of loss less profit of associates, Hubei Jinxu and Guangdong Baojin, of HK\$282,000 (2014: HK\$10,455,000), segment profit was HK\$96,520,000, representing an increase of HK\$21,346,000 or 28.4% as compared to HK\$75,174,000 in 2014.

Management Discussion and Analysis (Continued)

BUSINESS REVIEW (Continued)

Fresh and Live Foodstuffs (Continued)

The price of live pigs in 2015 increased as compared to that in 2014, and hence the revenue and profit of the fresh and live foodstuffs business recorded an increase. However, avian flu still had impact on our distribution and sales of live poultry business, resulting in the suspension of the import of live poultry into Hong Kong for the whole year. On the other hand, the increase in the price of live pigs led to significant reduction in losses incurred by the associates, which are engaged in pig farming and sales of pigs, as compared to that in 2014. Through continuous optimisation of the business workflow, the Group proactively strengthened its communication with governmental authorities, suppliers, industry participants and customers. Service standards were enhanced as a result. The Group also actively maintained the market supply. The overall market share in the live pigs supply into Hong Kong was about 45%. This provided a relatively steady contribution to the earnings of the Group.

Property Leasing

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

In 2015, revenue from the property leasing business of the Group was HK\$21,457,000, a decrease of 3.7% as compared to that in 2014. The segment profit amounted to HK\$14,934,000, an increase of 2.4% as compared to that in 2014. In addition, the increase in the valuation of office units in Hong Kong slowed down in 2015 and net valuation gains on investment properties of HK\$4,200,000 (2014: HK\$37,910,000) were recorded by the Group.

Yellow Dragon

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

In 2015, Yellow Dragon recorded a sales volume of 333,765 tonnes of its major product, corn starch, a decrease of 13.9% as compared to that in 2014. Revenue was HK\$1,647,491,000, a decrease of 20.2% as compared to that in 2014. Sales price and sales volume of its products decreased during the year. However, as the purchase cost of raw materials remained at a high level, it turned from a profit of HK\$12,429,000 in 2014 to a loss of HK\$43,387,000 in 2015. As the Company holds a 40% interest in Yellow Dragon, the Group's share of loss was HK\$17,355,000 (2014: share of profit of HK\$4,972,000).

Management Discussion and Analysis (Continued)

FINANCIAL POSITION

As at 31 December 2015, the Group's total assets and total liabilities amounted to HK\$3,140,529,000 and HK\$639,013,000, representing a decrease of HK\$538,275,000 and HK\$432,351,000 respectively when compared with the positions at the end of 2014. Net current assets decreased from HK\$1,460,331,000 at the end of 2014 to HK\$1,034,574,000. The current ratio (current assets divided by current liabilities) decreased from 3.3 at the end of 2014 to 2.7.

Liquidity and Financial Resources

As at 31 December 2015, the Group's cash and cash equivalents balance was HK\$959,853,000, representing a decrease of 10.4% when compared with the position at the end of 2014, of which 83.5% was denominated in Renminbi, 3.1% was denominated in United States Dollars while the remaining balance was denominated in Hong Kong Dollars. Interest income increased from HK\$31,958,000 in 2014 by 28.4% to HK\$41,050,000 in 2015.

As at 31 December 2015, the Group's borrowings comprised 1) unsecured bank borrowings of HK\$271,300,000 (2014: HK\$549,344,000), which were fully repaid in January 2016; and 2) loans from a related company of HK\$71,760,000 (2014: HK\$79,560,000), of which 51.6% was denominated in United States Dollars while the remaining balance was denominated in Hong Kong Dollars. 79.1% (2014: 63.6%) of the Group's borrowings was guaranteed by the Company. As at 31 December 2015, all of the Group's borrowings were repayable within 1 year, while as at 31 December 2014, 36.4% of the Group's borrowings were repayable within 1 year and the remaining balance was repayable within 2 years. All borrowings are subject to annual interest rates ranging from 1.68% to 1.91% (2014: 1.25% to 1.67%). All (2014: 76.3%) of the Group's borrowings bear interest at floating rates. The management pays attention to variations in interest rates.

As at 31 December 2015, 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 -26.5% (2014: -18.3%).

As at 31 December 2015, the Group's available banking facilities which are used for working capital and trade finance purposes, amounted to HK\$494,237,000, of which HK\$284,239,000 was utilised and HK\$209,998,000 was unutilised. 54.9% 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.

Management Discussion and Analysis (Continued)

FINANCIAL POSITION (Continued)

Capital Expenditure and Capital Commitments

The Group's capital expenditure in 2015 amounted to HK\$133,980,000 (2014: HK\$103,893,000). Capital commitments outstanding at 31 December 2015 not provided for in the financial statements amounted to HK\$8,899,000 (2014: HK\$183,540,000). The amount decreased significantly mainly because the construction of the new tinplating production line in Zhongshan was completed before 31 December 2015 and operation was commenced. It is expected that the capital expenditure for 2016 will be approximately HK\$12,000,000.

Acquisitions and Disposals of Investments

In February 2015, Hubei Jinxu, an associate of the Group, 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%, which resulted in a gain on deemed disposal of interest in an associate of HK\$1,314,000.

Except for the abovementioned matter, the Group had no material acquisitions and disposals of investments during the year of 2015.

Pledge of Assets

As at 31 December 2015, the Group's interest in Guangdong Baojin was pledged to the major shareholder of Guangdong Baojin as a security for a loan and the related interest due to this shareholder by Guangdong Baojin which amounted to HK\$11,711,000 (2014: HK\$11,800,000). Other than the above, none of the assets of the Group was pledged.

Litigation

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\$2,565,000) and a penalty of approximately RMB4,962,000 (equivalent to HK\$6,178,000) for non-payment (collectively referred to as the "Claim"). According to the judgement made by the Court of Zhongshan City in May 2014, the subsidiary is required to repay the Claim. The subsidiary submitted an appeal in June 2014 to the High Court of Guangdong Province. According to the judgement of the High Court of Guangdong Province issued in April 2015, the appeal was repudiated and the subsidiary was ordered to repay the Claim and respective court charges of approximately RMB61,000 (equivalent to HK\$76,000). Accordingly, a full provision was made during the current year, and the Claim and the respective court charges were fully paid in July 2015.

Contingent Liabilities

As at 31 December 2015, the Group had no material contingent liabilities.

Management Discussion and Analysis (Continued)

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 from 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 the Renminbi. In respect of trade receivables and payables denominated in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

In respect of unforeseen fluctuations in exchange rates, the Group will hedge the exposure as and when necessary. As at 31 December 2015, forward foreign exchange contracts of US\$50,000,000 (equivalent to HK\$390,000,000) against Renminbi were entered into by the Group to hedge against currency risks in respect of the repayment of United States Dollars liabilities by Renminbi funds. As at 31 December 2014, forward foreign exchange contracts of RMB155,089,000 (equivalent to HK\$196,591,000) against the United States Dollars were entered into by the Group to hedge against currency risks in respect of export sales. When the forward exchange rate returns to an acceptable level, the Group will consider implementing appropriate measures and tools to further manage exchange rate risks, in order to reduce the impact of fluctuations of the exchange rate of the Renminbi.

In view of the market expectation of the depreciation of the Renminbi against the United States Dollar in the short to medium term, the Group has enhanced research and monitoring of the foreign exchange market since the second half of 2015 in order to reasonably reduce the financial impact from the fluctuations of the exchange rate of the Renminbi. While balancing interest income and exchange rate risks, the Group has been gradually increasing foreign currency assets and reducing foreign currency liabilities in order to reduce the exposure to exchange rate risks. After implementing these measures, the total liabilities of the Group as at 31 December 2015 decreased by HK\$432,351,000 as compared to that at the end of 2014. In addition, in January 2016, using the abovementioned forward foreign exchange contracts of US\$50,000,000 against Renminbi, the Group repaid all bank loans and some other foreign currency liabilities, gradually reducing the exposure to exchange rate risks as planned.

The Group's interest rate risk arises primarily from interest-bearing borrowings, cash and cash equivalents and loans to an associate. Borrowings, deposits and lendings carried at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. As the Group considers the interest rate risk faced is not material, no hedging arrangements have been entered into. Management closely monitors the changes in market interest rates.

Management Discussion and Analysis (Continued)

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group had a total of 1,155 full-time employees, a decrease of 42 from the end of 2014. 192 employees were based in Hong Kong and 963 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 2015, 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

(As at 24 March 2016)

EXECUTIVE DIRECTORS

Mr. TAN Yunbiao, aged 51, 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 the director of 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. At the end of 2009, Shan Hai was absorbed by Zhongyue Tinplate. From July 2011, Mr. Tan became the chairman and ceased to be the general manager of Zhongyue Tinplate. He was also the chairman of Zhongyue Posco from June 2014 to December 2015.

Mr. SUNG Hem Kuen, aged 42, 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 51, 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 Accountants and a member of The Chinese Institute of Certified Public Accountants. She possesses extensive experiences 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 (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.

Directors' Profile (Continued)

(As at 24 March 2016)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Gerard Joseph McMAHON, aged 72, 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 70, 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).

Mr. LI Kar Keung, Caspar, aged 62, 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 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 2015.

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 2015 and the state of the Group's financial position as at that date are set out in the financial statements on pages 46 to 135.

An interim dividend of HK2.0 cents (2014: HK2.0 cents) per share was paid on 26 October 2015. The Directors recommended the payment of a final dividend of HK1.0 cent (2014: HK2.5 cents) per share for the year ended 31 December 2015.

The proposed final dividend, if approved at the 2016 Annual General Meeting of the Company (the "AGM"), is expected to be paid on Monday, 27 June 2016 to shareholders whose names appear on the register of members of the Company on Friday, 17 June 2016.

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

- (i) from Monday, 6 June 2016 to Wednesday, 8 June 2016 (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 Friday, 3 June 2016.
- (ii) from Wednesday, 15 June 2016 to Friday, 17 June 2016 (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 subparagraph (i) above not later than 4:30 p.m. on Tuesday, 14 June 2016.

Report of the Directors (Continued)

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the Management Discussion and Analysis on pages 6 to 8 and Chairman's Statement on pages 4 and 5 respectively.

Details of the financial risk management of the Group are shown in note 23 to the financial statements.

An analysis of the Group's performance during the year using financial key performance indicators is provided in the Management Discussion and Analysis on pages 6 to 11 of this Annual Report.

Discussion on the Group's environmental issues and compliance with the relevant laws and regulations that have a significant impact on the Group are contained in the Corporate Governance Report on page 43.

The Company's key relationships with its employees, customers and suppliers and business associates that have a significant impact on the Company and on which the Company's success depends are shown in the Management Discussion and Analysis under "Employees and Remuneration Policies" section on page 12 and in the Corporate Governance Report on page 43.

KEY RISK FACTORS

The following section lists out the key risks and uncertainties faced by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below. Besides, this Annual Report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Risks Pertaining to the Tinplating Business

The production and sales of tinplate products is one of the principal businesses of the Group. The fluctuation in the prices of tinplate products and raw materials and change in customers' demand for the products have a significant impact on the Group's operating results and financial condition. In recent years, certain iron and steel enterprises stepped into the tinplating market which caused an excessive supply in the industry. The intensified competition and overcapacity coupled with the unstable qualities and supplies of the raw materials may adversely affect the production of the tinplate products and the operations. Meanwhile, to complement the state environmental policies, the relevant departments are progressively tightening the environmental regulations and standards which increases the risks and uncertainties for the production of tinplate products. In addition to the economic and market conditions mentioned above, such as the supply and demand conditions, the risks of production, environmental and quality accidents and policy changes may also affect the Group's tinplating business.

Risks Pertaining to the Fresh and Live Foodstuffs Business

The fresh and live foodstuffs business is another principal business of the Group. The fluctuation in the prices of fresh and live foodstuffs, policy changes, occurrence of epidemic diseases, demand-supply imbalances, and the overall economic conditions may pose a significant impact on the results of operations and financial condition of the Group's fresh and live foodstuffs business.

Report of the Directors (Continued)

KEY RISK FACTORS (Continued)

Operational Risks

The Group operates in different sectors and is subject to a number of distinctive risk factors. Default on the part of our customers and strategic business partners, and inadequacies or failures of internal processes, people and systems or other external factors may have various levels of negative impact on the results of operations. Additionally, accidents may happen despite systems and policies set up by the Group for their prevention, which may lead to financial loss, litigation, or damage to reputation.

Past Performance and Forward Looking Statements

The performance and the results of operations of the Group as set out in this Annual Report are historical in nature and past performance is not a guarantee of future performance. This Annual Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual result may also differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume any obligations or liabilities in the event that any of the forward-looking statements or opinions does not materialise or turns out to be incorrect.

INVESTMENT PROPERTIES, OTHER PROPERTY, PLANT AND EQUIPMENT AND LEASEHOLD LAND

Details of movements in the investment properties, other property, plant and equipment and leasehold land of the Group during the year are set out in note 11 to the financial statements.

Particulars of the major investment properties of the Group are set out on page 138.

PRINCIPAL SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates as at 31 December 2015 are set out in notes 32 and 33 to the financial statements respectively.

BORROWINGS AND INTEREST CAPITALISED

Details of borrowings of the Group are set out in note 20 to the financial statements. No interest (2014: HK\$Nil) was capitalised by the Group during the year.

SHARES ISSUED

The Company issued during the year a total of 300,000 shares, fully paid, for a total consideration of HK\$498,000 as a result of the exercise of share options under the 2004 Share Option Scheme of the Company.

Details of the shares issued by the Company during the year are set out in note 22(c) to the financial statements.

Report of the Directors (Continued)

RESERVES

Profit attributable to shareholders of the Company of HK\$66,285,000 (2014: HK\$144,895,000) 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 22(a) to the financial statements respectively.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed “Share option schemes of the Company” of this report and “Equity-settled share-based transactions” in note 21 to the financial statements, no equity-linked agreement was entered into by the Company during the year.

RETIREMENT BENEFITS SCHEMES

Details of the Group’s retirement benefits schemes are set out in note 27 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the largest customer for the year ended 31 December 2015 represented 22.0% of the Group’s total sales, and the combined total of sales to the five largest customers accounted for 42.9% of the Group’s total sales for the year.

Purchases from the largest supplier for the year ended 31 December 2015 represented 29.1% 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 67.0% of the Group’s total purchases for the year.

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) Tinsplate 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 136 and 137.

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

DONATIONS

During the year, donations made by the Group amounted to HK\$62,000 (2014: HK\$63,000).

Report of the Directors (Continued)

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past 5 years ended 31 December 2015 is set out on pages 139 and 140.

DIRECTORS

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

Executive Directors

TAN Yunbiao
LI Li (*resigned on 1 October 2015*)
LUO Jianhua (*resigned on 26 March 2015*)
SUNG Hem Kuen

Non-Executive Director

LIANG Jianqin

Independent Non-Executive Directors

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

DIRECTORS OF SUBSIDIARIES

The names of directors who have served on the boards of the subsidiaries of Guangnan (Holdings) Limited during the year ended 31 December 2015 are set out below:

(in alphabetical order)

Bang Yeong Sig, Chen Guoji, Cheung Sau Fong, Choi Jae Young, Jeong Chang Ok, Kim Min Hwan, Lau Ming Tak, Li Huazhong, Li Li, Liang Jianqin, Lin Tiejun, Luo Jianhua, Ng Sau Man, Park Yong Nam, Qiao Jiankang, Son Kwang Joo, Sung Hem Kuen, Tan Yunbiao, Tang Xiaodong, Tsang Hon Nam, Xu Feng, Yuan Jimin, Zheng Zhicheng, Zhu Dasu.

Report of the Directors (Continued)

RETIREMENT AND RE-ELECTION OF DIRECTOR

In accordance with Article 101 of the Company's Articles of Association, Ms. Tam Wai Chu, Maria will retire by rotation at the AGM and, being eligible, offer herself for re-election.

RESIGNATION OF DIRECTORS

Mr. Luo Jianhua resigned as an Executive Director on 26 March 2015 due to retirement. Mr. Li Li resigned as an Executive Director on 1 October 2015 because he worked in a government authority of Guangdong Province, the PRC. Both Mr. Luo and Mr. Li have confirmed that they have no disagreement with the board of Directors (the "Board") and there was no other matter relating to their resignations that needed to be brought to the attention of the shareholders of the Company.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2015, 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
				<i>(Note)</i>
Tan Yunbiao	Personal	240,000	Long position	0.026%
Gerard Joseph McMahon	Personal	200,000	Long position	0.022%
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 907,593,285 ordinary shares of the Company in issue as at 31 December 2015.

Report of the Directors (Continued)

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 [†] (DD.MM.YYYY)	Number of share options				At 31 December 2015	Total consideration paid for share options granted	Exercise period of share options (both days inclusive) ^{##}	Exercise price of share options* (HK\$ (per share))	Price of ordinary share at date immediately before date of grant** (HK\$ (per share))	Price of ordinary share at date immediately before the exercise date** (HK\$ (per share))
		At 1 January 2015	Granted during the year	Exercised during the year	Cancelled/Lapsed during the year						
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.*

Report of the Directors (Continued)

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")*

Name of Director	Date of grant of share options [†] (DD.MM.YYYY)	Number of share options					Total consideration paid for share options granted	Exercise price of share options* HK\$ (per share)	Price of ordinary share at date immediately before date of grant** HK\$ (per share)	Price of ordinary share at date immediately before the exercise date** HK\$ (per share)
		At date of grant	At 1 January 2015	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year				
Tan Yunbiao	05.07.2010	2,100,000	420,000	-	-	420,000	-	1.45	1.44	-
Sung Hem Kuen	05.07.2010	1,860,000	372,000	-	-	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
<i>The date two years after the date of grant</i>	40%
<i>The date three years after the date of grant</i>	30%
<i>The date four years after the date of grant</i>	10%
<i>The date five years after the date of grant</i>	20%

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

Report of the Directors (Continued)

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.

Report of the Directors (Continued)

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
				<i>(Note)</i>
Liang Jianqin	Personal	100,000	Long position	0.002%

Note: The approximate percentage of interests held was calculated on the basis of 6,255,048,341 ordinary shares of Guangdong Investment Limited in issue as at 31 December 2015.

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
				<i>(Note)</i>
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 2015.

Save as disclosed above, as at 31 December 2015, 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.

Report of the Directors (Continued)

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.

Report of the Directors (Continued)

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, 2,000,000 share options lapsed, 300,000 share options were exercised and no share option was cancelled under the 2004 Share Option Scheme.

As at 31 December 2015, options were outstanding under the 2004 Share Option Scheme entitling the holders to subscribe for 2,200,000 ordinary shares of the Company, which represented approximately 0.242% of the 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.

Report of the Directors (Continued)

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 2015, 2,134,000 share options lapsed, and no share option was granted, exercised nor cancelled under the 2008 Share Option Scheme.

Report of the Directors (Continued)

SHARE OPTION SCHEMES OF THE COMPANY (Continued)

2008 Share Option Scheme (Continued)

At 31 December 2015, the Company had no outstanding share options granted on 5 July 2010 under 2008 Share Option Scheme.

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 6.583% of the issued share capital of the Company as at the date of this report.

As at 31 December 2015, save as disclosed under "Interests (long positions) in options relating to ordinary shares" on pages 21 to 23, 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 21 to the financial statements.

(i) 2004 Share Option Scheme

Category	Date of grant of share options ^f (DD.MM.YYYY)	Number of share options				At 31 December 2015	Total consideration paid for share options granted HK\$	Exercise period of share options (both days inclusive) ^{##} (DD.MM.YYYY)	Exercise price of share options* HK\$ (per share)	Price of ordinary share at date immediately before date of grant** HK\$ (per share)	Price of ordinary share at date immediately before the exercise date** HK\$ (per share)
		At 1 January 2015	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year						
Employees	09.03.2006	300,000	-	300,000	-	1	09.06.2006 to 08.03.2016	1.66	1.61	1.95	
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.

Report of the Directors (Continued)

SHARE OPTION SCHEMES OF THE COMPANY (Continued)

2008 Share Option Scheme (Continued)

(ii) 2008 Share Option Scheme

Category	Date of grant of share options [†] (DD.MM.YYYY)	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 2015	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year				
Former Directors	05.07.2010	2,950,000	590,000	-	-	590,000	-	1.45	1.44	-
Employees	05.07.2010	3,760,000	752,000	-	-	752,000	-	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 22 and 23.

- (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 "Directors' Interests and Short Positions in Securities" section of this report on page 23.

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.

Report of the Directors (Continued)

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract 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.

PERMITTED INDEMNITY PROVISION

Indemnity provision within the meaning of permitted indemnity provision under the Hong Kong Companies Ordinance (Cap. 622) for the benefit of the Directors of the Company is currently in force and was in force throughout the year ended 31 December 2015. In addition, the Company has taken out and kept in force appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at 31 December 2015, 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 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 director 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 136 and 137.

Report of the Directors (Continued)

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2015, 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 (<i>Note</i>)	537,198,868	Long position	59.19%
GDH	537,198,868	Long position	59.19%

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

Save as disclosed above, as at 31 December 2015, 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 subsidiaries had any contract of significance with GDH, the controlling shareholder of the Company, and its subsidiaries.

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 had an outstanding balance of approximately HK\$23,250,000. The loan was repaid in full during the year ended 31 December 2015.

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.

Report of the Directors (Continued)

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 2015 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, 24 March 2016

Corporate Governance Report

BUSINESS MODEL

The principal businesses of the Group include manufacturing and sales of tinplates and related products, leasing of properties, distribution and sales of fresh and live foodstuffs and foodstuffs trading. The Group is committed to consolidating the operational development of its existing businesses in order to generate continuous and steady investment returns for shareholders. The Group draws on various “capitals”, namely choice of technology, expertise in operation, financial capital and environmentally-responsible solutions as inputs to provide good quality products.

CORPORATE GOVERNANCE CODE

The Group recognises 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”).

The Company has complied with the code provisions and, where appropriate, the applicable recommended best practices set out in the CG Code of the Listing Rules throughout the year ended 31 December 2015 except for the following:

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

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

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

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 Directors’ securities transactions. All Directors have confirmed, upon specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31 December 2015.

Corporate Governance Report (Continued)

BOARD OF DIRECTORS

As at 31 December 2015, the Board comprised two Executive Directors, being Messrs. Tan Yunbiao 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. Messrs. Luo Jianhua and Li Li resigned as Executive Directors on 26 March 2015 and 1 October 2015 respectively.

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 2015, the Board held five meetings.

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 2015, one Chairman and Non-Executive Directors Meeting was held.

Details of Directors' attendance at the Company's 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 2015 are set out below:

	General Meeting	Board Meeting	Compensation Committee Meeting	Nomination Committee Meeting	Audit Committee Meeting	Chairman and Non-Executive Directors Meeting
Executive Directors						
Tan Yunbiao	2/2	5/5		1/1		1/1
Li Li	2/2	4/4				
Luo Jianhua	0/0	1/1				
Sung Hem Kuen	2/2	5/5				
Non-Executive Director						
Liang Jianqin	2/2	5/5				1/1
Independent Non-Executive Directors						
Gerard Joseph McMahon	2/2	5/5	3/3	1/1	5/5	1/1
Tam Wai Chu, Maria	2/2	5/5	3/3	1/1	5/5	1/1
Li Kar Keung, Caspar	2/2	5/5	3/3	1/1	5/5	1/1

Corporate Governance Report (Continued)

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 13 and 14 to this Annual Report, which demonstrate a diversity of skills, expertise, experience and qualifications.

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.

Corporate Governance Report (Continued)

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT (Continued)

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 requirements of the CG Code on continuous professional development during the year ended 31 December 2015.

Participation of Directors as at 31 December 2015 in continuous professional development during the year are as follows:

	Type of continuous professional development	
	Attending training courses and seminars	Reading regulatory updates or information relevant to the Company or its business
Tan Yunbiao	✓	✓
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 recognises and embraces the benefits of having a diversified 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.

Corporate Governance Report (Continued)

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 6 Directors. Three of them are Independent Non-Executive Directors, thereby promoting critical review and control of the management process. The Board is also characterised 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.

Corporate Governance Report (Continued)

CORPORATE GOVERNANCE FUNCTIONS (Continued)

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

- revised the “Article of Association”;
- set out the plan for compiling the “Environmental, Social and Governance Report”;
- revised the “Terms of Reference of Audit Committee”; and
- reviewed the effectiveness of the internal controls and risk management systems of the Company through the Internal Audit Department and the Audit Committee.

EMOLUMENTS 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 2015, the Compensation Committee held three meetings to review the annual remuneration package and performance bonuses for the Executive Directors and the management of the Company.

Details of the Directors’ emoluments 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.

Corporate Governance Report (Continued)

NOMINATION OF DIRECTORS (Continued)

The Nomination Committee comprises the Chairman of the Board and the General Manager, 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 2015, 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 2015 is set out as follows:

Services rendered	Fee
	HK\$'000
Audit of annual financial statements	3,680
Review of interim financial report	920
Review of continuing connected transactions	220
Tax services	25
	4,845

Corporate Governance Report (Continued)

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 2015, the Audit Committee held five meetings, inter alia, to review the 2014 annual results, the 2015 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 and risk management 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 2015, 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 44 and 45. In preparing the financial statements for the year ended 31 December 2015, 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 announced its unaudited quarterly financial information during the financial year ended 31 December 2015.

Corporate Governance Report (Continued)

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is committed to establish and maintain a sound and effective internal control and risk management 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 and risk management of the Group are set out below:

1. A defined organisational 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 has been 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 plans and forecasts are prepared annually and subject to monthly review and approval by the management. With an annual budget and monthly rolling forecasts, the management are able to identify and evaluate the likelihood of the financial impact of significant business risks in the coming year and achieve the business objectives; (ii) A 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.
5. Internal Audit Department — In order to further enhance the internal control and risk management of the Group, an internal audit department was established. The internal auditor has unrestricted access to review all aspects of the Group's activities and internal controls and risk management. Any serious internal control and risk management 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 forecasts and business strategies to be taken.

During the year ended 31 December 2015, a 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 and risk management 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 and risk management to support further growth of the Group.

Corporate Governance Report (Continued)

INTERNAL CONTROLS AND RISK MANAGEMENT (Continued)

Internal control and risk management 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. 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 Hong Kong Companies Ordinance (Cap. 622) (the "New Companies Ordinance"), 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.

Corporate Governance Report (Continued)

CONSTITUTIONAL DOCUMENTS

During the year, the memorandum and articles of the Company was amended and a new set of articles of association (the “Articles of Association”) was adopted at an extraordinary general meeting held on 1 June 2015. The main purpose of the amendment was to bring the constitution of the Company in line with the provisions of the new Companies Ordinance. Details of the amendments were set out in a circular of the Company dated 6 May 2015 and an up-to-date consolidated version of the Company’s Articles of Association is available on the Company’s website.

LAWS, RULES AND REGULATIONS AND ENVIRONMENTAL ISSUES

The Company respects the laws, rules and regulations of the area in which the Group operates and is committed to the sustainable development of the environment and our society. The Group has endeavoured to comply with laws and regulations regarding environmental protection and adopted effective environmental technologies to ensure its projects meet the required standards and ethics in respect of environmental protection.

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognizes that our employees, customers and suppliers and business associates are key stakeholders to the Company’s success. We strive to achieve corporate sustainability through engaging our employees, providing quality services to our customers, collaborating with business partners (including suppliers and contractors) to deliver quality sustainable products and services and supporting our community.

By order of the Board

Tan Yunbiao

Chairman

Hong Kong, 24 March 2016

Independent Auditor's Report



Independent auditor's report to the shareholders of Guangan (Holdings) Limited

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Guangan (Holdings) Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 46 to 135, which comprise the consolidated statement of financial position as at 31 December 2015, 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 405 of the Hong Kong Companies Ordinance, 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.

Independent Auditor's Report (Continued)

Auditor's responsibility (continued)

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 financial position of the Group as at 31 December 2015 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

24 March 2016

Consolidated Income Statement

for the year ended 31 December 2015
(Expressed in Hong Kong dollars)

	Note	2015 \$'000	2014 \$'000
Revenue	3	2,478,661	3,412,505
Cost of sales		(2,231,322)	(3,085,522)
Gross profit		247,339	326,983
Other revenue	4	50,151	35,897
Other net losses	4	(34,883)	(13,576)
Distribution costs		(66,103)	(81,854)
Administrative expenses		(98,937)	(107,707)
Other operating expenses		(10,364)	(488)
Profit from operations		87,203	159,255
Net valuation gains on investment properties		4,200	37,910
Finance costs	5(a)	(9,962)	(9,569)
Share of profits less losses of associates		(17,637)	(5,483)
Profit before taxation	5	63,804	182,113
Income tax	6(a)	(9,302)	(29,137)
Profit for the year		54,502	152,976
Attributable to:			
Equity shareholders of the Company		66,285	144,895
Non-controlling interests		(11,783)	8,081
Profit for the year		54,502	152,976
Earnings per share	10		
Basic		7.3 cents	16.0 cents
Diluted		7.3 cents	16.0 cents

The notes on pages 55 to 135 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 9(a).

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015
(Expressed in Hong Kong dollars)

	2015 \$'000	2014 \$'000
Profit for the year	54,502	152,976
Other comprehensive income for the year:		
<i>Items that will not be reclassified to profit or loss:</i>		
Surplus on revaluation of buildings held for own use and interests in leasehold land held for own use under operating leases upon transfer out to investment properties		
– Before-tax amount	2,828	–
– Tax expense	(707)	–
Net-of-tax amount	2,121	–
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of subsidiaries and associates outside Hong Kong		
– Before-tax amount	(118,207)	(5,994)
– Tax benefit	2,426	–
Net-of-tax amount	(115,781)	(5,994)
Other comprehensive income for the year	(113,660)	(5,994)
Total comprehensive income for the year	(59,158)	146,982
Attributable to:		
Equity shareholders of the Company	(38,774)	139,440
Non-controlling interests	(20,384)	7,542
Total comprehensive income for the year	(59,158)	146,982

The notes on pages 55 to 135 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2015

(Expressed in Hong Kong dollars)

	<i>Note</i>	2015 \$'000	2014 \$'000
Non-current assets			
Investment properties		392,061	382,478
Other property, plant and equipment		740,504	752,059
Interests in leasehold land held for own use under operating leases		111,029	126,308
		1,243,594	1,260,845
Interest in associates	<i>11(a)</i> <i>13</i>	255,596	288,715
Deposits and prepayments	<i>17</i>	4,732	41,019
Deferred tax assets	<i>15(b)</i>	1,699	1,831
		1,505,621	1,592,410
Current assets			
Inventories	<i>16</i>	229,109	419,301
Trade and other receivables, deposits and prepayments	<i>17</i>	441,832	592,037
Current tax recoverable	<i>15(a)</i>	4,114	4,258
Cash and cash equivalents	<i>18</i>	959,853	1,070,798
		1,634,908	2,086,394
Current liabilities			
Trade and other payables	<i>19</i>	236,295	357,889
Bank loans	<i>20(a)</i>	271,300	149,344
Loans from a related company	<i>20(b)</i>	71,760	79,560
Current tax payable	<i>15(a)</i>	20,979	39,270
		600,334	626,063
Net current assets		1,034,574	1,460,331
Total assets less current liabilities		2,540,195	3,052,741

Consolidated Statement of Financial Position (Continued)

at 31 December 2015

(Expressed in Hong Kong dollars)

	<i>Note</i>	2015 \$'000	2014 \$'000
Non-current liabilities			
Bank loans	20(a)	–	400,000
Deferred tax liabilities	15(b)	38,679	45,301
		38,679	445,301
NET ASSETS			
		2,501,516	2,607,440
CAPITAL AND RESERVES			
Share capital	22(b)	459,651	459,066
Reserves		1,870,601	1,951,182
Total equity attributable to equity shareholders of the Company		2,330,252	2,410,248
Non-controlling interests		171,264	197,192
TOTAL EQUITY		2,501,516	2,607,440

Approved and authorised for issue by the board of directors on 24 March 2016.

Tan Yunbiao
Director

Sung Hem Kuen
Director

The notes on pages 55 to 135 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Capital reserve -share options	Exchange reserve	Revaluation reserve	Special capital reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance 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	9(b)	-	-	-	-	-	-	(18,146)	(18,146)	-	(18,146)
Dividends declared in respect of the current year	9(a)	-	-	-	-	-	-	(18,146)	(18,146)	-	(18,146)
Transition to no-par value regime on 3 March 2014	22(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

Consolidated Statement of Changes in Equity (Continued)

for the year ended 31 December 2015
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company										
	Share capital \$'000	Share premium \$'000	Capital reserve	Exchange reserve \$'000	Revaluation reserve \$'000	Special capital reserve \$'000	Other reserves \$'000	Retained profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
			-share options \$'000								
Note											
Balance at 1 January 2015	459,066	-	2,173	349,826	-	107,440	65,505	1,426,238	2,410,248	197,192	2,607,440
Changes in equity for 2015:											
Profit for the year	-	-	-	-	-	-	-	66,285	66,285	(11,783)	54,502
Other comprehensive income	-	-	-	(107,180)	2,121	-	-	-	(105,059)	(8,601)	(113,660)
Total comprehensive income	-	-	-	(107,180)	2,121	-	-	66,285	(38,774)	(20,384)	(59,158)
Transfer to statutory reserves	-	-	-	-	-	-	1,640	(1,640)	-	-	-
Exercise of share options	585	-	(87)	-	-	-	-	-	498	-	498
Share-based payment expenses for the year	-	-	(878)	-	-	-	-	-	(878)	-	(878)
Share options lapsed during the year	-	-	(582)	-	-	-	-	582	-	-	-
Dividends declared to minority shareholders	-	-	-	-	-	-	-	-	-	(5,544)	(5,544)
Dividends approved in respect of the previous year 9(b)	-	-	-	-	-	-	-	(22,690)	(22,690)	-	(22,690)
Dividends declared in respect of the current year 9(a)	-	-	-	-	-	-	-	(18,152)	(18,152)	-	(18,152)
Balance at 31 December 2015	459,651	-	626	242,646	2,121	107,440	67,145	1,450,623	2,330,252	171,264	2,501,516

The notes on pages 55 to 135 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2015

(Expressed in Hong Kong dollars)

	Note	2015		2014	
		\$'000	\$'000	\$'000	\$'000
Operating activities					
Profit before taxation		63,804		182,113	
Adjustments for:					
Finance costs	5(a)	9,962		9,569	
Interest income	4	(41,050)		(31,958)	
Net valuation gains on investment properties	11(a)	(4,200)		(37,910)	
Net loss on disposal of property, plant and equipment	4	181		818	
Impairment loss on trade receivables	5(c)	–		37	
Depreciation	11(a)	97,137		93,484	
Amortisation of land lease premium	11(a)	3,818		3,846	
Share of profits less losses of associates		17,637		5,483	
Foreign exchange loss		24,867		2,517	
Net (gains)/losses on forward foreign exchange contracts	4	(5,443)		4,785	
Equity-settled share-based payment expenses	5(b)	(878)		(564)	
Loss on deemed acquisition of interest in an associate	4	–		946	
Gain on deemed disposal of interest in an associate	4	(1,314)		–	
Operating profit before changes in working capital		164,521		233,166	

Consolidated Cash Flow Statement (Continued)

for the year ended 31 December 2015
(Expressed in Hong Kong dollars)

	Note	2015		2014	
		\$'000	\$'000	\$'000	\$'000
Operating profit before changes in working capital		164,521		233,166	
Decrease/(increase) in inventories		172,875		(2,598)	
Decrease in trade and other receivables, deposits and prepayments		167,773		87,023	
(Increase)/decrease in amounts due from a related company		(27,150)		5,851	
Decrease in trade and other payables		(14,456)		(44,478)	
Decrease in amounts due to fellow subsidiaries		(23,076)		–	
Increase in amounts due to a related company	18(b)	146,747		311,120	
(Decrease)/increase in amounts due to associates		(842)		1,138	
Cash generated from operations		586,392		591,222	
Interest received		38,973		31,819	
Interest paid		(9,284)		(10,203)	
Hong Kong Profits Tax paid		(10,061)		(12,066)	
PRC income tax paid		(18,592)		(15,134)	
Net cash generated from operating activities			587,428		585,638
Investing activities					
Payment for the purchase of property, plant and equipment		(77,073)		(123,425)	
Proceeds from disposal of property, plant and equipment		242		241	
Loans advanced to an associate, net		(7,689)		(7,134)	
Net cash used in investing activities			(84,520)		(130,318)

Consolidated Cash Flow Statement (Continued)

for the year ended 31 December 2015
(Expressed in Hong Kong dollars)

	Note	2015		2014	
		\$'000	\$'000	\$'000	\$'000
Financing activities					
Dividends paid to equity shareholders of the Company		(40,842)		(36,292)	
Dividends paid to minority shareholders		(5,544)		(5,132)	
Proceeds from bank loans	18(b)	23,726		411,800	
Repayment of bank loans		(535,569)		(422,300)	
Repayment of loan from a related company		(7,800)		–	
Proceeds from exercise of share options		498		–	
Net cash used in financing activities		(565,531)		(51,924)	
(Decrease)/increase in cash and cash equivalents		(62,623)		403,396	
Cash and cash equivalents at 1 January		1,070,798		668,972	
Effect of foreign exchange rate changes		(48,322)		(1,570)	
Cash and cash equivalents at 31 December	18	959,853		1,070,798	

The notes on pages 55 to 135 form part of these financial statements.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

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”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies 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 2015 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)).

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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Significant accounting policies (continued)

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

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 that are first effective for the current accounting period of the Group:

- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Significant accounting policies (continued)

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

Non-controlling interests are presented in the consolidated statement of financial position 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.

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 statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(l)).

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Significant accounting policies (continued)

(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.

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 statement of financial position, an investment in an associate is stated at cost less impairment losses (see note 1(l)).

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Significant accounting policies (continued)

(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.

(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 statement of financial position 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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Significant accounting policies (continued)

(h) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period, 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 end of the reporting period 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).

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).

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property as described in note 1(j) up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a movement in the revaluation reserve. On disposal of a revalued asset, the relevant portion of the revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Significant accounting policies (continued)

(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 other property, plant and equipment 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.

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

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Significant accounting policies (continued)

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

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
- 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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Significant accounting policies (continued)

(k) Leased assets (continued)

(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 the end of each reporting period 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;
- 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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

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)*

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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Significant accounting policies (continued)

(I) 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 the end of each reporting period 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 statement of financial position.

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).

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Significant accounting policies (continued)

(I) 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 to reduce the carrying amount of 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(I)(i) and 1(I)(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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Significant accounting policies (continued)

(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.

(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 27.

(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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

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 end of the reporting period, 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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

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 end of the reporting period 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 end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period 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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

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 statement of financial position 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 an 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.

(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 end of the reporting period. 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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Significant accounting policies (continued)

(v) Translation of foreign currencies (continued)

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. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. 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 or sale are interrupted or complete.

(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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Significant accounting policies (continued)

(x) Related parties (continued)

- (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).
 - (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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.

(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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

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.

(i) *Valuation of investment properties*

As described in note 11, the investment properties are revalued by independent professional valuers on a market value basis at the end of the reporting period. 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 in future years.

(ii) *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.

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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

2. Significant accounting estimates and judgements (continued)

Key sources of estimation uncertainty (continued)

(iii) Impairment of assets

The Group reviews the carrying amounts of assets at the end of each reporting period 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.

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 in future years.

(iv) Write-down of inventories

The Group reviews the carrying amounts of inventories at the end of each reporting period 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 the 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.

(v) Depreciation

Property, plant and equipment, other than construction in progress, is depreciated on a straight-line basis over the estimated useful lives of the assets. 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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

3. Revenue and segment reporting

(a) Revenue

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.

The amount of each significant category of revenue is as follows:

	2015 \$'000	2014 \$'000
Sales of goods		
– Tinplate products	2,107,863	3,074,926
– Fresh and live foodstuffs	249,296	218,342
	2,357,159	3,293,268
Commission income from the distribution of fresh and live foodstuffs	100,045	96,951
Rental income from property leasing	21,457	22,286
	2,478,661	3,412,505

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's revenue. In 2015, 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 \$546,322,000 (2014: \$776,400,000) as also disclosed in note 26(a)(i). Details of concentrations of credit risk are set out in note 23(a).

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

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

3. Revenue and segment reporting (continued)

(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.

(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 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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

3. Revenue 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenue from external customers	2,107,863	3,074,926	349,341	315,293	21,457	22,286	2,478,661	3,412,505
Inter-segment revenue	-	-	-	-	-	-	-	-
Reportable segment revenue	2,107,863	3,074,926	349,341	315,293	21,457	22,286	2,478,661	3,412,505
Reportable segment (loss)/profit	(8,371)	74,473	96,520	75,174	14,934	14,582	103,083	164,229
Reportable segment assets (including interest in associates)	2,282,393	2,828,218	271,593	247,121	392,623	383,125	2,946,609	3,458,464
	-	-	66,396	70,000	-	-	66,396	70,000
Reportable segment liabilities	575,095	997,476	15,194	23,182	42,949	41,277	633,238	1,061,935
Depreciation and amortisation for the year	100,499	96,715	154	328	202	176	100,855	97,219
Interest income	40,217	31,686	833	272	-	-	41,050	31,958
Write-down of inventories	14,376	11,352	-	-	-	-	14,376	11,352
Additions to non-current segment assets during the year	99,955	131,388	93	170	-	-	100,048	131,558

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

3. Revenue and segment reporting (continued)

(b) Segment reporting (continued)

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

	2015 \$'000	2014 \$'000
Profit		
Reportable segment profit derived from the Group's external customers and associates	103,083	164,229
Unallocated head office and corporate income and expenses	(16,162)	(15,429)
Net valuation gains on investment properties	4,200	37,910
Finance costs	(9,962)	(9,569)
Share of (loss)/profit of an associate not attributable to any segment	(17,355)	4,972
Consolidated profit before taxation	63,804	182,113
Assets		
Reportable segment assets	2,946,609	3,458,464
Interest in an associate not attributable to any segment	189,200	218,715
Unallocated head office and corporate assets	4,720	1,625
Consolidated total assets	3,140,529	3,678,804
Liabilities		
Reportable segment liabilities	633,238	1,061,935
Unallocated head office and corporate liabilities	5,775	9,429
Consolidated total liabilities	639,013	1,071,364

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

3. Revenue 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 investment properties, other property, plant and equipment, interests in leasehold land held for own use under operating leases, 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 property, plant and equipment, 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Hong Kong (place of domicile)	442,381	405,245	220,935	216,869
Mainland China	900,219	1,357,581	1,282,987	1,373,710
Asian countries (excluding Mainland China and Hong Kong)	739,202	974,982	–	–
Other countries	396,859	674,697	–	–
	2,036,280	3,007,260	1,282,987	1,373,710
	2,478,661	3,412,505	1,503,922	1,590,579

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

4. Other revenue and net losses

	2015 \$'000	2014 \$'000
Other revenue		
Interest income	41,050	31,958
Subsidies received	4,794	1,114
Others	4,307	2,825
	50,151	35,897
Other net losses		
Net realised and unrealised exchange loss	(41,459)	(7,027)
Net gains/(losses) on forward foreign exchange contracts	5,443	(4,785)
Loss on deemed acquisition of interest in an associate (<i>note 13(b)</i>)	–	(946)
Gain on deemed disposal of interest in an associate (<i>note 13(b)</i>)	1,314	–
Net loss on disposal of property, plant and equipment	(181)	(818)
	(34,883)	(13,576)

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

5. Profit before taxation

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

	Note	2015 \$'000	2014 \$'000
(a) Finance costs			
Interest on bank advances and other borrowings		8,588	8,168
Interest on loans from a related company		1,374	1,401
		9,962	9,569
(b) Staff costs			
Net contributions to defined contribution retirement plans		13,289	11,625
Equity-settled share-based payment expenses		(878)	(564)
Salaries, wages and other benefits		146,774	154,614
		159,185	165,675
(c) Other items			
Cost of inventories sold	(i), 16(b)	2,211,448	3,064,825
Auditors' remuneration		5,212	5,318
Depreciation	11(a)	97,137	93,484
Amortisation of land lease premium	11(a)	3,818	3,846
Impairment loss on trade receivables	17(b)	–	37
Write-down of inventories	16(b)	14,376	11,352
Operating lease charges		7,813	7,907
Rentals receivable from investment properties less direct outgoings of \$947,000 (2014: \$1,685,000)		(20,510)	(20,601)

Note:

- (i) Cost of inventories sold includes \$192,347,000 (2014: \$186,005,000) 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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

6. Income tax in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

Note	2015 \$'000	2014 \$'000
Current tax – Hong Kong		
Provision for the year	11,387	11,040
Over-provision in respect of prior years	(1,308)	(20)
	10,079	11,020
Current tax – the PRC		
Provision for the year	9,096	15,303
Over-provision in respect of prior years	(5,022)	(1,005)
	4,074	14,298
Deferred tax		
Origination and reversal of temporary differences	(4,851)	3,819
(i)	9,302	29,137

Notes:

- (i) The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 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 2014-15 subject to a maximum reduction of \$20,000 for each business (2014: a maximum reduction of \$10,000 was granted for the year of assessment 2013-14 and was taken into account in calculating the provision for 2014). 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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

6. Income tax in the consolidated income statement (continued)

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

	2015 \$'000	2014 \$'000
Profit before taxation	63,804	182,113
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	6,061	40,321
Tax effect of non-deductible expenses	9,748	7,357
Tax effect of non-taxable revenue	(8,713)	(14,977)
Tax effect of current year's tax losses not recognised	13,083	1,264
Tax effect of utilisation of previous years' unrecognised tax losses	(4,547)	(3,803)
Over-provision in respect of prior years	(6,330)	(1,025)
Actual tax expense	9,302	29,137

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

7. Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	2015						
	Directors' fees \$'000	Basic salaries, allowances and other benefits \$'000	Retirement schemes contributions \$'000	Bonus \$'000	Sub-total \$'000	Share-based payments \$'000	Total \$'000
						(Note)	
Executive directors							
Tan Yunbiao	-	744	371	1,087	2,202	(173)	2,029
Li Li (resigned on 1 October 2015)	-	753	301	890	1,944	(90)	1,854
Luo Jianhua (resigned on 26 March 2015)	-	264	136	680	1,080	(153)	927
Sung Hem Kuen	-	1,259	30	327	1,616	(153)	1,463
Non-executive director							
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	3,020	838	2,984	7,742	(569)	7,173

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

7. Directors' emoluments (continued)

	2014						
	Directors' fees \$'000	Basic salaries, allowances and other benefits \$'000	Retirement schemes contributions \$'000	Bonus \$'000	Sub-total \$'000	Share-based payments \$'000	Total \$'000
						(Note)	
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

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 21.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

8. Individuals with highest emoluments

Of the five individuals with highest emoluments, four (2014: four) are directors whose emoluments are disclosed in note 7. The aggregate emoluments in respect of the one individual for 2015 are as follows:

	2015 \$'000	2014 \$'000
Basic salaries, allowances and other benefits	672	663
Retirement schemes contributions	219	218
Share-based payments	(123)	(33)
Bonus	678	563
	1,446	1,411

The emoluments of the one individual with the highest emolument in 2015 (2014: one) are within the following band:

	2015 Number of individuals	2014 Number of individuals
\$1,000,001 – \$1,500,000	1	1

9. Dividends

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

	2015 \$'000	2014 \$'000
Interim dividend declared and paid of 2.0 cents (2014: 2.0 cents) per ordinary share	18,152	18,146
Final dividend proposed after the end of the reporting period of 1.0 cent (2014: 2.5 cents) per ordinary share	9,076	22,682
	27,228	40,828

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

9. Dividends (continued)

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

	2015 \$'000	2014 \$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 2.5 cents (2014: 2.0 cents) per ordinary share	22,690	18,146

10. 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 \$66,285,000 (2014: \$144,895,000) and the weighted average number of 907,468,000 (2014: 907,293,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2015 '000	2014 '000
Issued ordinary shares at 1 January	907,293	907,293
Effect of share options exercised (note 22(c))	175	–
Weighted average number of ordinary shares at 31 December	907,468	907,293

(b) Diluted earnings per share

There were no diluted potential shares in existence during the years ended 31 December 2015 and 2014.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

11. Investment properties, other property, plant and equipment and leasehold land

(a) Reconciliation of carrying amount

	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 2015	540,295	1,918	45,787	862,189	11,549	1,461,738	382,478	165,423	2,009,639
Exchange adjustments	(31,157)	-	(2,673)	(50,886)	(625)	(85,341)	(10,352)	(9,471)	(105,164)
Additions	896	-	124,513	8,249	322	133,980	-	-	133,980
Transfer out to investment properties	(13,742)	-	-	-	-	(13,742)	15,735	(4,821)	(2,828)
Disposals	-	-	-	(755)	(1,055)	(1,810)	-	-	(1,810)
Transfer in from construction in progress	55,190	-	(163,539)	108,349	-	-	-	-	-
Fair value adjustment	-	-	-	-	-	-	4,200	-	4,200
Surplus on revaluation upon transfer out to investment properties	2,631	-	-	-	-	2,631	-	197	2,828
At 31 December 2015	554,113	1,918	4,088	927,146	10,191	1,497,456	392,061	151,328	2,040,845
Representing:									
Cost	554,113	1,918	4,088	927,146	10,191	1,497,456	-	151,328	1,648,784
Valuation – 2015	-	-	-	-	-	-	392,061	-	392,061
	554,113	1,918	4,088	927,146	10,191	1,497,456	392,061	151,328	2,040,845
Accumulated depreciation and impairment losses:									
At 1 January 2015	198,563	1,918	-	501,293	7,905	709,679	-	39,115	748,794
Exchange adjustments	(12,534)	-	-	(32,847)	(448)	(45,829)	-	(2,437)	(48,266)
Charge for the year	23,555	-	-	72,619	963	97,137	-	3,818	100,955
Transfer out to investment properties	(2,631)	-	-	-	-	(2,631)	-	(197)	(2,828)
Written back on disposals	-	-	-	(665)	(739)	(1,404)	-	-	(1,404)
At 31 December 2015	206,953	1,918	-	540,400	7,681	756,952	-	40,299	797,251
Net book value:									
At 31 December 2015	347,160	-	4,088	386,746	2,510	740,504	392,061	111,029	1,243,594

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

11. Investment properties, other property, plant and equipment and leasehold land (continued)

(a) Reconciliation of carrying amount (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 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

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

11. Investment properties, other property, plant and equipment and leasehold land (continued)

(b) Fair value measurement of properties

(i) Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 31 December 2015 \$'000	Fair value measurements as at 31 December 2015 categorised into		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<i>Recurring fair value measurement</i>				
Investment properties:				
– Hong Kong	220,500	–	–	220,500
– The PRC	171,561	–	–	171,561

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

11. Investment properties, other property, plant and equipment and leasehold land (continued)

(b) Fair value measurement of properties (continued)

(i) Fair value hierarchy (continued)

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

During the year ended 31 December 2015, there were no transfers between Level 1 and Level 2 or transfers into or out of Level 3 (2014: \$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 situated in Hong Kong with an aggregate value of \$220,500,000 (2014: \$216,300,000) were revalued at 31 December 2015 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 \$171,561,000 (2014: \$166,178,000) were revalued at 31 December 2015 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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

11. Investment properties, other property, plant and equipment and leasehold land (continued)

(b) Fair value measurement of properties (continued)

(ii) Information about Level 3 fair value measurements

Investment properties	Valuation techniques average	Unobservable input	Range	Weighted
Hong Kong	Income capitalisation approach	Term yield	3% to 3.5% (2014: 3% to 3.5%)	3.5% (2014: 3.5%)
		Reversionary yield	3.5% to 4% (2014: 3.5% to 4%)	4% (2014: 4%)
		Market rent per square foot per month	\$48 to \$59 (2014: \$48 to \$58)	\$54 (2014: \$54)
The PRC	Market comparison approach	Discount on quality of the buildings	-10% to -30% (2014: -10% to -29%)	-24% (2014: -23%)
		Discount on quality of the land	-16% to -26% (2014: -19% to -25%)	-22% (2014: -20%)

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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

11. Investment properties, other property, plant and equipment and leasehold land (continued)

(b) 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:

	2015 \$'000	2014 \$'000
Investment properties – Hong Kong		
At 1 January	216,300	180,000
Fair value adjustment	4,200	36,300
At 31 December	220,500	216,300
Investment properties – the PRC		
At 1 January	166,178	201,147
Transfer from/(to) buildings held for own use and interests in leasehold land held for own use under operating leases	15,735	(35,906)
Fair value adjustment	–	1,610
Exchange adjustment	(10,352)	(673)
At 31 December	171,561	166,178

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.

Exchange adjustment of investment properties is recognised in other comprehensive income in “exchange reserve”.

All the gains recognised in profit or loss for the year arise from the properties held at the end of the reporting period.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

11. Investment properties, other property, plant and equipment and leasehold land (continued)

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

	2015 \$'000	2014 \$'000
In Hong Kong on long-term leases	220,500	216,300
In the PRC on medium-term leases	629,750	634,218
	850,250	850,518
Representing:		
Land and buildings carried at fair value	392,061	382,478
Buildings carried at cost	347,160	341,732
	739,221	724,210
Interests in leasehold land held for own use under operating leases	111,029	126,308
	850,250	850,518

- (d)** The Group leases out investment properties under operating leases. The leases run for an initial period of 6 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.

Total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2015 \$'000	2014 \$'000
Within 1 year	13,828	10,980
After 1 year but within 5 years	24,459	8,401
After 5 years	10,438	12,012
	48,725	31,393

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

11. Investment properties, other property, plant and equipment and leasehold land (continued)

- (e) During the year ended 31 December 2015, a certain portion of buildings held for own use and interests in leasehold land held for own use under operating leases situated in the PRC with a fair value of \$11,111,000 and \$4,624,000 respectively were transferred to investment properties due to a change in use.

During the year ended 31 December 2014, a certain portion of investment properties situated in the PRC with a carrying amount of \$35,906,000 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.

12. Interest in subsidiaries

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

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	
	2015	2014
	\$'000	\$'000
NCI percentage	34%	34%
Current assets	452,858	751,765
Non-current assets	265,572	309,817
Current liabilities	(318,952)	(576,590)
Non-current liabilities	(5,391)	(9,022)
Net assets	394,087	475,970
Carrying amount of NCI	133,060	161,085
Revenue	883,303	1,359,009
(Loss)/profit for the year	(48,773)	10,786
Total comprehensive income	(74,224)	9,192
(Loss)/profit allocated to NCI	(16,820)	3,664
Dividend paid to NCI	2,604	2,683
Cash flows from operating activities	371,188	319,949
Cash flows from investing activities	(8,534)	(17,233)
Cash flows from financing activities	(412,235)	(258,521)

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

13. Interest in associates

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 2015, 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 which amounted to \$11,711,000 (2014: \$11,800,000).

(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.	
	2015	2014
	\$'000	\$'000
Gross amounts of the associate's		
Current assets	676,636	1,035,565
Non-current assets	347,264	397,996
Current liabilities	(550,900)	(886,774)
Non-current liabilities	–	–
Shareholders' equity	473,000	546,787
Revenue	1,647,491	2,064,539
(Loss)/profit for the year	(43,387)	12,429
Other comprehensive income	(30,400)	(1,780)
Total comprehensive income	(73,787)	10,649
Reconciled to the Group's interests in the associate		
Gross amounts of net assets of the associate	473,000	546,787
Group's effective interest	40%	40%
Group's share of net assets of the associate	189,200	218,715
Carrying amount in the consolidated financial statements	189,200	218,715

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

13. Interest in associates (continued)

(a) Summarised financial information of associates (continued)

Aggregate information of associates that are not individually material:

	2015 \$'000	2014 \$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	66,396	70,000
Aggregate amounts of the Group's share of the associates'		
– Profit less loss for the year	(282)	(10,455)
– Other comprehensive income	(4,636)	(349)
– Total comprehensive income	(4,918)	(10,804)

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

During the year ended 31 December 2014, an associate of the Group, Hubei Jinxu Agriculture Development Co., Ltd. (“Hubei Jinxu”), repurchased all shares held by one of the existing shareholders. After the repurchase of these shares, the Group's equity interest in Hubei Jinxu increased from 15.20% to 16.12%, which resulted in a loss on deemed acquisition of \$946,000 (note 4).

During the year ended 31 December 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%, which resulted in a gain on deemed disposal of \$1,314,000 (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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

14. Other non-current financial assets

	2015 \$'000	2014 \$'000
Equity securities		
Unlisted equity securities, at cost	540	540
Less: Impairment losses	(540)	(540)
	–	–

15. Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position represents:

	2015 \$'000	2014 \$'000
Provision for Hong Kong Profits Tax for the year	11,387	11,040
Provisional Profits Tax paid	(11,040)	(11,979)
	347	(939)
Balance of Profits Tax provision relating to prior years	–	1,268
Taxation outside Hong Kong	16,518	34,683
	16,865	35,012
Representing:		
Current tax recoverable	(4,114)	(4,258)
Current tax payable	20,979	39,270
	16,865	35,012

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

15. Income tax in the consolidated statement of financial position (continued)

(b) Deferred tax assets and liabilities recognised:

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

	Depreciation allowances in excess of the related depreciation \$'000	Revaluation of investment properties and other property, plant and equipment \$'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 2015	20,938	15,116	(4,093)	13,194	(1,685)	43,470
Exchange adjustments	(1,132)	(948)	255	(601)	80	(2,346)
Charged to revaluation reserve	-	707	-	-	-	707
(Credited)/charged to profit or loss	(1,990)	773	(431)	(3,659)	456	(4,851)
At 31 December 2015	17,816	15,648	(4,269)	8,934	(1,149)	36,980
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

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

15. Income tax in the consolidated statement of financial position (continued)

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

	2015 \$'000	2014 \$'000
Net deferred tax assets recognised in the consolidated statement of financial position	(1,699)	(1,831)
Net deferred tax liabilities recognised in the consolidated statement of financial position	38,679	45,301
	36,980	43,470

(c) Deferred tax assets not recognised:

	2015 \$'000	2014 \$'000
Future benefit of tax losses	369,668	361,673

In accordance with the accounting policy set out in note 1(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately \$2.2 billion (2014: approximately \$2.2 billion) 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, except for an amount of \$50,167,000 (2014: \$Nil) which will expire after five years.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

16. Inventories

(a) Inventories in the consolidated statement of financial position comprise:

	2015 \$'000	2014 \$'000
Raw materials, spare parts and consumables	103,732	186,455
Work in progress	13,254	21,370
Finished goods	112,123	211,476
	229,109	419,301

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

	2015 \$'000	2014 \$'000
Carrying amount of inventories sold	2,197,072	3,053,473
Write-down of inventories	14,376	11,352
	2,211,448	3,064,825

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

17. Trade and other receivables, deposits and prepayments

	2015 \$'000	2014 \$'000
Trade debtors	169,470	212,047
Bills receivable	172,786	257,285
Other receivables, deposits and prepayments	56,834	152,683
Amounts due from a related company (note (i))	31,057	3,907
Loans to an associate (note (ii))	14,823	7,134
Derivative financial instruments (note 23(d))	1,594	–
	446,564	633,056
Less: Deposits and prepayments (non-current portion) (note (iii))	(4,732)	(41,019)
Trade and other receivables, deposits and prepayments (current portion) (note (iv))	441,832	592,037

Notes:

- (i) The amounts represent trade balances due from a company related to the minority shareholder of a non-wholly owned subsidiary.
- (ii) The loans to an associate are unsecured, interest-bearing at rates ranging from 6.0% to 6.4% (2014: 6.0%) per annum and repayable within one year.
- (iii) As at 31 December 2015, the deposits and prepayments (non-current portion) represent deposits mainly for acquisition of equipment in relation to other property, plant and equipment.
- As at 31 December 2014, the deposits and prepayments (non-current portion) represent deposits mainly for acquisition of equipment in relation to a new tinplating production line and coating and printing production line.
- (iv) All of the trade and other receivables, deposits and prepayments of the Group are expected to be recovered or recognised as expense within one year for both years.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

17. Trade and other receivables, deposits and prepayments (continued)

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors, bills receivable and trade balances due from a related company (which are included in trade and other receivables, deposits and prepayments), net of allowance for doubtful debts, is as follows:

	2015 \$'000	2014 \$'000
Within 1 month	358,444	439,649
1 to 3 months	14,792	32,218
Over 3 months	77	1,372
	373,313	473,239

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 23(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 is as follows:

	2015 \$'000	2014 \$'000
At 1 January	37	–
Impairment loss recognised	–	37
At 31 December	37	37

At 31 December 2015, a trade debtor of \$37,000 (2014: \$37,000) 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 (2014: \$37,000) were recognised.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

17. Trade and other receivables, deposits and prepayments (continued)

(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:

	2015 \$'000	2014 \$'000
Neither past due nor impaired	366,472	456,600
Less than 1 month past due	6,655	15,872
1 to 3 months past due	122	628
More than 3 months but less than 12 months past due	64	139
Amounts past due	6,841	16,639
	373,313	473,239

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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

18. Cash and cash equivalents

(a)

	2015 \$'000	2014 \$'000
Deposits with banks	6,727	–
Cash at bank and in hand	953,126	1,070,798
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement	959,853	1,070,798

(b) Major non-cash transactions

During the year, the proceeds from bank loans of \$242,517,000 (2014: \$387,364,000) 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.

19. Trade and other payables

	2015 \$'000	2014 \$'000
Trade creditors	41,864	42,598
Bills payable	4,822	–
Other payables and accrued charges	121,299	124,791
Amounts due to a related company (note (i))	67,464	163,234
Amounts due to associates (note (ii))	662	1,504
Amounts due to fellow subsidiaries (note (iii))	184	23,260
Derivative financial instruments (note 23(d))	–	2,502
	236,295	357,889

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

19. 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 are unsecured, interest-free and have no fixed terms of repayment.*
- (iv) *All of the Group's trade and other payables are expected to be settled or recognised as income within one year except for an amount of \$1,754,000 (2014: \$347,000), which is expected to be settled or recognised as income after more than one year.*

As of the end of the reporting period, the ageing analysis of trade creditors, bills payable and trade balances due to a related company and associates (which are included in trade and other payables) is as follows:

	2015 \$'000	2014 \$'000
Due within 1 month or on demand	88,966	44,140
Due after 1 month but within 3 months	25,846	163,196
	114,812	207,336

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

20. Borrowings

(a) Bank loans

	2015 \$'000	2014 \$'000
Unsecured (note)	271,300	549,344

The bank loans were repayable as follows:

	2015 \$'000	2014 \$'000
Within 1 year or on demand	271,300	149,344
After 1 year but within 2 years	–	400,000
	271,300	549,344

Note: Included in unsecured bank loans at 31 December 2015 was a loan of \$271,300,000 (2014: \$400,000,000) which was guaranteed by the Company. It is provided in the facility agreement for the unsecured bank loan of \$271,300,000 (2014: \$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 statement of financial position and income statement ratios, as commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the amount would become repayable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 23(b). As at 31 December 2015 and 2014, none of the covenants relating to the bank loan had been breached.

	2015 \$'000	2014 \$'000
(b) Loans from a related company	71,760	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") + 1.4% (2014: 3-month LIBOR + 1.5%) per annum and repayable within one year.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

21. 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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

21. 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	2,200,000	3 months from the date of grant	10 years
Granted on 5 July 2010	1,382,000	Note	5.5 years
Options held by employees and other participants:			
Granted on 9 March 2006	2,300,000	3 months from the date of grant	10 years
Granted on 5 July 2010	752,000	Note	5.5 years
Total share options	6,634,000		

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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

21. Equity-settled share-based transactions (continued)

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

	2015		2014	
	Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
Outstanding at the beginning of the year	\$ 1.59	6,634	\$ 1.56	8,631
Exercised during the year	\$ 1.66	(300)	–	–
Lapsed during the year	\$ 1.55	(4,134)	\$ 1.45	(1,997)
Outstanding at the end of the year	\$ 1.66	2,200	\$ 1.59	6,634
Exercisable at the end of the year	\$ 1.66	2,200	\$ 1.66	4,500

The options outstanding at 31 December 2015 had a weighted average exercise price of \$1.66 (2014: \$1.59) and a weighted average remaining contractual life of 0.17 years (2014: 1.11 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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

22. 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 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 the no-par value regime on 3 March 2014	22(b)	5,419	(5,419)	-	-	-	-
Balance at 31 December 2014 and 1 January 2015		459,066	-	2,173	107,440	472,067	1,040,746
Changes in equity for 2015:							
Total comprehensive income for the year		-	-	-	-	67,730	67,730
Dividends approved in respect of the previous year		-	-	-	-	(22,690)	(22,690)
Dividends declared in respect of the current year		-	-	-	-	(18,152)	(18,152)
Exercise of share options		585	-	(87)	-	-	498
Share-based payment expenses for the year		-	-	(878)	-	-	(878)
Share options lapsed during the year		-	-	(582)	-	582	-
Balance at 31 December 2015		459,651	-	626	107,440	499,537	1,067,254

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

22. Capital and reserves (continued)

(b) Share capital

	2015		2014	
	Number of shares '000	\$'000	Number of shares '000	\$'000
Ordinary shares, issued and fully paid:				
At 1 January	907,293	459,066	907,293	453,647
Transition to the no-par value regime on 3 March 2014 (<i>note</i>)	–	–	–	5,419
Exercise of share options	300	585	–	–
At 31 December	907,593	459,651	907,293	459,066

Note: The transition to the no-par value regime under the Hong Kong Companies Ordinance occurred automatically on 3 March 2014. On that date, the share premium account was subsumed into share capital in accordance with section 37 of Schedule 11 to the Companies Ordinance. These changes did not impact on the number of shares in issue or the relative entitlement of any of the shareholders. Since that date, all changes in share capital have been made in accordance with the requirements of Parts 4 and 5 of the Companies Ordinance.

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 year ended 31 December 2015, 300,000 share options were exercised to subscribe for 300,000 ordinary shares in the Company at a consideration of \$498,000, all of which was credited to share capital. \$87,000 was transferred from the capital reserve – share options to the share capital account in accordance with the accounting policy set out in note 1(r)(ii).

During the year ended 31 December 2014, no share options were exercised.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

22. Capital and reserves (continued)

(d) Nature and purpose of reserves

(i) *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).

(ii) *Revaluation reserve*

The revaluation reserve has been set up and is dealt with in accordance with the accounting policy set out in note 1(i).

(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 2015, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance, was \$328,937,000 (2014: \$305,667,000).

(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.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

22. Capital and reserves (continued)

(f) Capital management (continued)

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 2015 and 2014, the gearing ratio of the Group was as follows:

	2015 \$'000	2014 \$'000
Bank loans	271,300	549,344
Loans from a related company	71,760	79,560
Borrowings	343,060	628,904
Less: Cash and cash equivalents	(959,853)	(1,070,798)
Net cash	(616,793)	(441,894)
Equity attributable to equity shareholders of the Company	2,330,252	2,410,248
Gearing ratio	-26.5%	-18.3%

The Group is required to maintain its total equity at a certain level to comply with covenants as disclosed in note 20(a). Other than the above, neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

23. 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 receivable issued from the major financial institutions in the PRC.

In respect of trade and bills receivable 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 end of the reporting period, the Group had a certain level of concentration of credit risk as 15.5% (2014: 8.8%) and 36.2% (2014: 27.8%) of the total trade receivables was due from the Group's largest debtor and the five largest debtors respectively.

The Group does not provide any other guarantee which would expose the Group to credit risk.

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 17.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

23. Financial risk management and fair values of financial instruments (continued)

(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 end of the reporting period of the Group'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 end of the reporting period) and the earliest date the Group is required to pay.

	2015				Total \$'000	Carrying amount at 31 December \$'000
	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 year but less than 5 years \$'000	More than 5 years \$'000		
Bank loans	(271,497)	-	-	-	(271,497)	(271,300)
Loans from a related company	(72,684)	-	-	-	(72,684)	(71,760)
Trade and other payables	(234,541)	(285)	(1,469)	-	(236,295)	(236,295)
	(578,722)	(285)	(1,469)	-	(580,476)	(579,355)
Derivatives settled gross:						
Forward foreign exchange contracts (note 23(d))						
- outflow	(386,261)	-	-	-	(386,261)	
- inflow	390,000	-	-	-	390,000	

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

23. Financial risk management and fair values of financial instruments (continued)

(b) Liquidity risk (continued)

	2014					Carrying amount at 31 December \$'000
	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 year but less than 5 years \$'000	More than 5 years \$'000	Total \$'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 23(d))						
– outflow	(195,000)	–	–	–	(195,000)	
– inflow	196,591	–	–	–	196,591	

(c) Interest rate risk

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

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

23. Financial risk management and fair values of financial instruments (continued)

(c) Interest rate risk (continued)

(i) Interest rate profile

The following table details the interest rate profile of the Group's net borrowings and lendings (being interest-bearing borrowings less cash and cash equivalents and lendings) at the end of the reporting period.

	2015		2014	
	Effective interest rate per annum	\$'000	Effective interest rate per annum	\$'000
Fixed rate borrowings:				
Bank loans	–	–	1.37%	149,344
Variable rate borrowings:				
Loans from a related company	3-month LIBOR + 1.4%	71,760	3-month LIBOR + 1.5%	79,560
Bank loans	HIBOR* or LIBOR + 1.5%	271,300	HIBOR* or LIBOR + 1.5%	400,000
		343,060		479,560
Total borrowings		343,060		628,904
Fixed rate lendings:				
Loans to an associate	6.2%	(14,823)	6%	(7,134)
Cash and cash equivalents	3.8%	(6,727)	–	–
Variable rate lendings:				
Cash and cash equivalents	0.31%	(953,126)	0.85%	(1,070,798)
Total net lending		(631,616)		(449,028)
Fixed rate borrowings as a percentage of total borrowings		–		23.7%

* Hong Kong Interbank Offered Rate ("HIBOR")

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

23. Financial risk management and fair values of financial instruments (continued)

(c) Interest rate risk (continued)

(ii) Sensitivity analysis

At 31 December 2015, it is estimated that a general increase of 100 (2014: 100) basis points or a general decrease of 10 (2014: 10) basis points in interest rates, with all other variables held constant, would have led to an increase of approximately \$3,752,000 (2014: \$3,231,000) or a decrease of approximately \$375,000 (2014: \$323,000) 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 end of the reporting period, 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 2014.

(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 Dollars against Renminbi.

In respect of trade receivables and payables denominated in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

23. Financial risk management and fair values of financial instruments (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period 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.

	2015	
	United States Dollars '000	Renminbi '000
Trade and other receivables, deposits and prepayments	9,609	2
Cash and cash equivalents	3,763	5,904
Bank loans	(13,500)	–
Loans from a related company	(9,200)	–
Trade and other payables	(9,060)	–
Gross exposure arising from recognised assets and liabilities	(18,388)	5,906
	2014	
	United States Dollars '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

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

23. 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 2015, the Group is exposed to currency risk arising from certain intercompany loans amounting to US\$47,820,000 (equivalent to \$372,996,000) (2014: \$140,000,000, RMB61,000,000 and US\$65,660,000 (equivalent to \$729,472,000 in aggregate)) which are not in the functional currency of the relevant companies.

Furthermore, at 31 December 2015, forward foreign exchange contracts of notional amounts totalling US\$50,000,000 (equivalent to \$390,000,000) against Renminbi (2014: RMB155,089,000 (equivalent to \$196,591,000) 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 2015 of \$1,594,000 (2014: \$Nil) and \$Nil (2014: \$2,502,000) were recognised as derivative financial instruments and included in trade and other receivables, deposits and prepayments (note 17) and trade and other payables (note 19) 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 end of the reporting period had changed at that date, assuming all other risk variables remained constant.

At 31 December 2015, it is estimated that if United States Dollars had weakened or strengthened by 3% (2014: weakened or strengthened by 3%) against Renminbi with all other variables held constant, the Group's profit after taxation and retained profits would have been increased or decreased by \$956,000 (2014: increased or decreased by \$16,175,000) respectively.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

23. Financial risk management and fair values of financial instruments (continued)

(d) Currency risk (continued)

(ii) *Sensitivity analysis (continued)*

At 31 December 2015, it is estimated that if Renminbi had strengthened or weakened by 3% (2014: strengthened or weakened by 3%) 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 \$2,847,000 (2014: increased or decreased by \$11,748,000) respectively.

The analysis is prepared under the assumption that, the pegged rate between 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 end of the reporting period 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 end of the reporting period, 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 2014.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

23. Financial risk management and fair values of financial instruments (continued)

(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 end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Valuation reports on fair value measurement of financial instruments are prepared by 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.

	2015			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Derivative financial instruments				
Forward foreign exchange contracts:				
– Assets	–	1,594	–	1,594
– Liabilities	–	–	–	–

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

23. 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)

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

During the years ended 31 December 2015 and 2014, 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 end of the reporting period 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 financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2015 and 2014.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

24. Commitments

- (a) Capital commitments outstanding at 31 December 2015 not provided for in the financial statements were as follows:

	2015 \$'000	2014 \$'000
Contracted for	1,845	106,602
Authorised but not contracted for	7,054	76,938
	8,899	183,540

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 lines. These production lines were completed before 31 December 2015.

- (b) At 31 December 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2015 \$'000	2014 \$'000
Within 1 year	3,461	3,659
After 1 year but within 5 years	1,059	2,955
	4,520	6,614

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 2015, the Group had committed to provide additional capital of \$6,489,000 (2014: \$6,489,000) to an associate of the Group.

25. Litigation

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 \$2,565,000) and a penalty of approximately RMB4,962,000 (equivalent to \$6,178,000) for non-payment (collectively referred to as the "Claim"). According to the judgement made by the Court of Zhongshan City in May 2014, the subsidiary is required to repay the Claim. The subsidiary submitted an appeal in June 2014 to the High Court of Guangdong Province. According to the judgement of the High Court of Guangdong Province issued in April 2015, the appeal was repudiated and the subsidiary was ordered to repay the Claim and respective court charges of approximately RMB61,000 (equivalent to \$76,000). Accordingly, a full provision was made during the current year and recognised in profit or loss as other operating expenses and the Claim and the respective court charges were fully paid in July 2015.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

26. 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	2015 \$'000	2014 \$'000
Sales of goods to related companies	(i)	546,322	776,400
Commission paid/payable to a related company	(i), (ii)	7,863	11,264
Commission received/receivable from associates	(iii)	20,095	15,889
Purchases of goods from associates	(iv)	8,349	5,019
Purchases of goods from related companies including transport services fee paid/payable	(i)	595,928	1,221,883

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 statement of financial position. Except for the trade balances with related parties as disclosed in notes 17 and 19 which are settled in accordance with normal trade terms, the loans to an associate as disclosed in note 17 and the loans from a related company as disclosed in note 20(b), these balances are unsecured, interest-free and have no fixed terms of repayment.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

26. Material related party transactions (continued)

(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 136 and 137. 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;
- 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 processes do not depend on whether the counterparties are state-controlled or not.

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

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

26. Material related party transactions (continued)

(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:

	2015 \$'000	2014 \$'000
Short-term employee benefits	6,004	5,620
Post-employment benefits	838	971
Equity compensation benefits	(569)	(479)
	6,273	6,112

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

27. 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 2015 was \$13,289,000 (2014: \$11,625,000). No forfeited contributions were refunded for either year.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

28. Company-level statement of financial position

	<i>Note</i>	2015 \$'000	2014 \$'000
Non-current assets			
Investment properties		220,500	216,300
Other property, plant and equipment		216	288
		220,716	216,588
Interest in subsidiaries		640,341	316,161
Interest in an associate		164,278	164,278
		1,025,335	697,027
Current assets			
Trade and other receivables, deposits and prepayments		46,802	354,587
Cash and cash equivalents		4,155	975
		50,957	355,562
Current liabilities			
Other payables		9,038	11,843
Net current assets		41,919	343,719
NET ASSETS		1,067,254	1,040,746
CAPITAL AND RESERVES			
	22(a)		
Share capital		459,651	459,066
Reserves		607,603	581,680
TOTAL EQUITY		1,067,254	1,040,746

Approved and authorised for issue by the board of directors on 24 March 2016.

Tan Yunbiao
Director

Sung Hem Kuen
Director

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

29. Immediate and ultimate holding company

The directors consider the immediate and ultimate holding company at 31 December 2015 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

After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 9(a).

31. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2015

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 2015 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
<i>Annual Improvements to HKFRSs 2012-2014 cycle</i>	1 January 2016
<i>Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture</i>	1 January 2016
<i>Amendments to HKAS 1, Disclosure initiative</i>	1 January 2016
<i>Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation</i>	1 January 2016
<i>HKFRS 9, Financial instruments</i>	1 January 2018
<i>HKFRS 15, Revenue from contracts with customers</i>	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.

Notes to the Financial Statements (Continued)

(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 2015 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		Principal activities
				the Company	a subsidiary	
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
Zhongsan 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

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

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		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	–	15.45% (2014: 16.12%)	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 and B 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") and POSCO-China Holding Corporation ("POSCO China") provided certain services to Zhongyue Tinplate in respect of the transport of the blackplates supplied by POSCO Asia Company Limited ("POSCO Asia") to Zhongyue Tinplate in their ordinary course of business and on normal commercial terms for approximately HK\$595,928,000 ("Purchase of Blackplates and Engagement of Transport Services Transaction"). POSCO China and POSCO Asia are the wholly-owned subsidiaries of POSCO, which is a substantial shareholder of Zhongyue Posco.
- B. Zhongyue Tinplate and Zhongyue Posco supplied tinplate products to POSCO Asia in its ordinary course of business and on normal commercial terms for approximately HK\$538,459,000 (net of commission expenses) ("Sales of Tinplates Transaction").

The board of directors of the Company (the "Board") including the Independent Non-Executive Directors have reviewed the Transactions described in A and B 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.

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

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

- (i) the aggregate amount for the year ended 31 December 2015 did not exceed the annual cap amount of HK\$1,395,904,000 for the Purchase of Blackplates and Engagement of Transport Services Transaction as disclosed in the announcement dated 27 October 2014; and
- (ii) the aggregate amount for the year ended 31 December 2015 did not exceed the annual cap amount of HK\$1,190,420,000 for the Sales of Tinplates Transaction as disclosed in the announcement dated 27 October 2014.

The Company's auditors were engaged to report on the Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "*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

	2015 \$'000	For the year ended 31 December			
		2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000
Revenue	2,478,661	3,412,505	3,493,934	3,346,291	3,404,115
Profit from operations	87,203	159,255	186,257	154,215	215,037
Net valuation gains on investment properties	4,200	37,910	45,846	16,845	28,747
Finance costs	(9,962)	(9,569)	(5,952)	(6,438)	(11,675)
Share of profits less losses of associates	(17,637)	(5,483)	(4,572)	(12,526)	33,018
Profit before taxation	63,804	182,113	221,579	152,096	265,127
Income tax	(9,302)	(29,137)	(34,141)	(28,639)	(33,400)
Profit for the year	54,502	152,976	187,438	123,457	231,727
Attributable to:					
Equity shareholders of the Company	66,285	144,895	173,880	114,921	213,155
Non-controlling interests	(11,783)	8,081	13,558	8,536	18,572
Profit for the year	54,502	152,976	187,438	123,457	231,727
Earnings per share					
Basic	7.3 cents	16.0 cents	19.2 cents	12.7 cents	23.5 cents
Diluted	7.3 cents	16.0 cents	19.2 cents	12.7 cents	23.5 cents
Dividend per share					
Interim	2.0 cents	2.0 cents	2.0 cents	1.5 cents	2.5 cents
Proposed final	1.0 cent	2.5 cents	2.0 cents	1.5 cents	2.5 cents

Financial Summary (Continued)

(Expressed in Hong Kong dollars)

ASSETS AND LIABILITIES

	As at 31 December				
	2015	2014	2013	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Investment properties	392,061	382,478	381,147	350,974	334,136
Other property, plant and equipment	740,504	752,059	721,938	735,316	803,576
Interests in leasehold land held for own use under operating leases	111,029	126,308	118,224	108,885	112,120
	1,243,594	1,260,845	1,221,309	1,195,175	1,249,832
Interest in associates	255,596	288,715	296,205	287,183	299,259
Other non-current assets	6,431	42,850	18,297	3,946	3,914
Net current assets	1,034,574	1,460,331	1,011,345	1,014,167	699,325
Total assets less current liabilities	2,540,195	3,052,741	2,547,156	2,500,471	2,252,330
Non-current liabilities	(38,679)	(445,301)	(44,710)	(203,164)	(39,626)
Net assets	2,501,516	2,607,440	2,502,446	2,297,307	2,212,704
Share capital: nominal value [#]	–	–	453,647	453,647	453,647
Other statutory capital reserves [#]	–	–	5,419	5,419	5,419
Share capital and other statutory capital reserves [#]	459,651	459,066	459,066	459,066	459,066
Other reserves	1,870,601	1,951,182	1,848,598	1,660,202	1,582,650
Total equity attributable to equity shareholders of the Company	2,330,252	2,410,248	2,307,664	2,119,268	2,041,716
Non-controlling interests	171,264	197,192	194,782	178,039	170,988
Total equity	2,501,516	2,607,440	2,502,446	2,297,307	2,212,704

Note to the financial summary:

[#] As the term "share capital" includes the share premium account from the commencement date of the new Hong Kong Companies 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

