GDH

GUANGNAN (HOLDINGS) LIMITED

廣南(集團)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1203)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

Financial highlights for the year ended 31 December

	2012	2011	
	HK$'000	HK$'000	Change
Turnover	**3,346,291**	3,404,115	-1.7%
Profit from operations	**154,215**	215,037	-28.3%
Profit attributable to shareholders	**114,921**	213,155	-46.1%
Earnings per share – Basic	**HK 12.7 cents**	HK 23.5 cents	-46.0%
Dividend per share			
Interim	**HK 1.5 cents**	HK 2.5 cents	
Proposed final	**HK 1.5 cents**	HK 2.5 cents	
	HK 3.0 cents	HK 5.0 cents	-40.0%

CHAIRMAN'S STATEMENT

I hereby report to the shareholders that Guangnan (Holdings) Limited (the "Company") and its subsidiaries (the "Group") recorded a consolidated profit attributable to equity shareholders of the Company of HK$114,921,000 in 2012, representing a decrease of 46.1% compared with HK$213,155,000 in 2011. The basic earnings per share was HK 12.7 cents, representing a decrease of 46.0% from HK 23.5 cents in 2011.

Dividend

The Board of Directors of the Company (the "Board") recommends the payment of a final dividend of HK 1.5 cents per share for the year 2012. The final dividend for 2012, subject to the approval by the shareholders of the Company at the annual general meeting, is expected to be paid on 24 June 2013.

Business Review

In 2012, some major business segments of the Group recorded an increase in profit whilst some others recorded a fall in profit. The Group's consolidated turnover was HK$3,346,291,000, representing a decrease of 1.7% from HK$3,404,115,000 in 2011. Profit from operations was HK$154,215,000, representing a decrease of 28.3% from HK$215,037,000 in 2011, mainly due to the decrease in profit from operations of the tinplating business, while there was growth in the profit contribution from the fresh and live foodstuffs business.

For the tinplating business, the Group captured the favourable opportunities of the increasingly sufficient supply of major raw materials to increase our production volume. Both the total production and sales volume of tinplate products increased as compared to that in 2011. However, as the selling price of tinplate products decreased, turnover decreased by 3.7% as compared to that in 2011. Supply outstripping demand in the iron and steel industry, the pressure on the selling price of tinplate products under intense competition, coupled with the rise in various raw materials and operating costs, together with the significant decrease in exchange gains due to the slower appreciation of Renminbi against the Hong Kong Dollar and the United States Dollar, all contributed to the significant decrease in profit from operations of the Group's tinplating business as compared to that in 2011.

In respect of the fresh and live foodstuffs business, there was a decrease in price of live pigs as compared to that in 2011 but the number of live pigs distributed increased slightly. Together with the significant growth in the fresh meat retail business, both turnover and operating profit from the fresh and live foodstuffs business recorded an increase over 2011. Given the devoted efforts of our operation team and premium quality sources of goods from major suppliers and our associates, the Group actively contributed to maintaining the supply in the market and the overall market share in the live pigs supply into Hong Kong was about 45%. This provided a steady contribution to the earnings of the Group.

In respect of the property leasing business, along with the increase in office prices in Hong Kong and the valuation of properties in Zhongshan in 2012, net valuation gains on investment properties of HK$16,845,000 (2011:HK$28,747,000) were recorded by the Group.

For the associates, as a result of the substantial increase in the raw materials purchase cost of Yellow Dragon Food Industry Company Limited, a share of losses of associates was recorded by the Group as compared with a share of profits of associates in 2011.

Prospects

Recently, the European and US economies have been showing signs of slow recovery, and the economic growth rate in the Mainland is increasing steadily. It is anticipated that the pace of order placing from domestic and overseas customers will gradually return to normal. In respect of the tinplating business, the Group will strive to increase production and sales volume and achieve economies of scale. Meanwhile, we will also actively transform and upgrade our business and start a new round of development. As a first step, the Group is proposing to construct a new tinplating production line in Zhongshan, with annual production capacity of 150,000 tonnes, in order to improve the standard of production equipment and product quality, and to strengthen our core competitiveness. Currently, the Group is preparing to apply to the relevant authorities of the local government for the construction of the project. As to the fresh and live foodstuffs business, on the ground of further improving our quality services, we will consolidate and develop our business chain operation, continue to explore new stable supply channels for live pigs, and ensure market supply. 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, 22 March 2013

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. ("POSCO"), an internationally renowned iron and steel enterprise. Currently, the annual production capacity of tinplate products and blackplates of the Group is 470,000 tonnes and 150,000 tonnes respectively, of which 220,000 tonnes of tinplate products and 150,000 tonnes of blackplates are from Zhongyue Tinplate's capacity, whereas 250,000 tonnes of tinplate products are from Zhongyue Posco's capacity.

In 2012, the Group produced 359,136 tonnes of tinplate products, representing an increase of 4.7% as compared to that in 2011. Among which, Zhongyue Tinplate and Zhongyue Posco produced 207,114 tonnes and 152,022 tonnes respectively. In addition, the blackplate manufacturing plant of Zhongyue Tinplate produced 144,573 tonnes of blackplates, an increase of 2.2% as compared to that in 2011, 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 358,248 tonnes of tinplate products, an increase of 6.5% as compared to that in 2011, of which, Zhongyue Tinplate and Zhongyue Posco sold 207,370 tonnes and 150,878 tonnes of tinplate products respectively, an increase of 5.7% and 7.6% respectively as compared to that in 2011. Turnover was HK$2,991,518,000, a decrease of 3.7% as compared to that in 2011 and profit from operations was HK$65,959,000, a decrease of HK$46,270,000 or 41.2% as compared to that in 2011. The tinplating business accounted for 89.4% and 42.8% of the Group's turnover and profit from operations respectively.

At present, the excess supply over demand in the iron and steel industry and intense competition put pressure on the selling price of tinplate products. In the first half of 2012, the rate of decrease in the market price of tinplating products was greater than the rate of decrease in the market price of hot-rolled plates, which is one of the major raw materials for the production of blackplates. Not until the fourth quarter did the market price of tinplate products rebound, though the extent of increase was smaller than the price of hot-rolled plates. Moreover, there has been a surge in certain raw materials and operating costs. This, together with the significant decrease in exchange gains due to the slower appreciation of Renminbi against the Hong Kong Dollar and the United States Dollar, contributed to the significant decrease in profit from operations of the Group's tinplating business as compared to that in 2011. Through modifying and integrating the sales and marketing capacities of the tinplating plants in northern and southern China, the Group offered a more appropriate and diversified range of products to its customers. Active efforts were spent in expanding sources of procuring blackplates, which provided a basis for the Group to leverage from the effect of economies of scale. This in turn mitigated the pressure on the Group regarding the surge in various types of costs. On the other hand, the Group utilised its bills receivable through the pursuit of more flexible payment methods with its suppliers. The Group successfully increased liquidity which has resulted in increased working capital and bank deposits. Interest income increased accordingly. By capitalising on the advantageous position in capital management and effective control of credit management, sales were stablised as a result. The Group continued the implementation of full budgetary control, strengthened internal control and deployed Six Sigma methodology for implementing a substantial number of projects for technological improvements in order to promote energy-saving, waste-reduction and efficiency-optimisation. Furthermore, the Group has committed more resources to R&D initiatives, incubating strengths for the future development of our tinplating business.

Tinplating (continued)

As the utilisation rate of the production capacity of the tinplating factory in Zhongshan has already reached 94%, in order to accelerate the transform and upgrade of our business, the Group re-occupied certain plant in our factory area in Zhongshan which was previously let out, so as to re-organise space for logistics, and proposes to construct a new tinplating production line with an annual production capacity of 150,000 tonnes. The investment cost is estimated to be approximately RMB200 million (equivalent to approximately HK$247 million), and expected to be financed by the Group's internal resources. The new tinplating production line will enable Zhongyue Tinplate to improve the standard of production equipment and product quality, and refine the product mix. It will also facilitate the development of new products, and strengthen our core competitiveness. Currently, the Group is preparing to apply to the relevant authorities of the local government for the construction of the project. If all the relevant approvals are obtained, the construction will start in the second half of 2013, and the production line is expected to commence operation in 2014. By that time, the annual production capacity of tinplate products and blackplates of the Group's factories in northern and southern China will become 620,000 tonnes and 150,000 tonnes respectively.

Fresh and Live Foodstuffs

Guangnan Hong Company Limited ("Guangnan Hong") is a wholly-owned subsidiary of the Company. Guangnan Hong holds a 51% interest in Guangnan Live Pigs Trading Limited, an 18.66% 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 2012, the turnover of the fresh and live foodstuffs business amounted to HK$327,384,000, representing an increase of 21.6% as compared to that in 2011. Together with the share of profits of associates, Hubei Jinxu and Guangdong Baojin, profit from operations was HK$93,968,000, representing an increase of HK$3,279,000 or 3.6% as compared to that in 2011. There was a decrease in price of live pigs but the number of live pigs distributed increased slightly. Together with the substantial growth in the fresh meat retail business, both turnover and operating profit from the fresh and live foodstuffs business recorded an increase over 2011. 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. The Group also actively contributed to maintaining the supply in the market. The overall market share in the live pigs supply into Hong Kong was about 45%. This provided a steady contribution to the earnings of the Group. For the two associates acquired in 2011, expansion in the scope of pig farming is being gradually implemented as planned, in order to consolidate premium quality sources of live pigs and build a solid business chain for the fresh and live foodstuffs business.

Property Leasing

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

In 2012, turnover from the property leasing business of the Group was HK$27,389,000, a decrease of 0.7% as compared to that in 2011. Profit from operations of leasing properties amounted to HK$16,745,000, a decrease of 0.9% as compared to that in 2011. Along with the increase in the price of office units in Hong Kong and the valuation of properties in Zhongshan in 2012, net valuation gains on investment properties of HK$16,845,000 (2011:HK$28,747,000) were recorded by the Group.

Yellow Dragon

In 2012, Yellow Dragon Food Industry Co., Limited ("Yellow Dragon"), an associate of the Group, recorded a sales volume of 422,585 tonnes in its major product, corn starch, representing a decrease of 0.1% as compared with that in 2011. Turnover was HK$2,279,494,000, an increase of 5.1% as compared to that in 2011. Since 2012, corn prices of major corn producing areas increased as a result of the continuous increase in the prices of cereals throughout the world. Being affected by production capacities and demand, the rate of increase in the selling price of Yellow Dragon's major product, corn starch, was lower than the purchase price of the raw material, corn. The increase in cost of sales arising from the increase in the price of corn was not effectively transferred to the downstream customers, which resulted in a loss attributable to the shareholders of HK$40,678,000, as compared to a profit of HK$62,820,000 in 2011. As the Company holds a 40% interest in Yellow Dragon, the Group's share of loss was HK$16,271,000 (2011: share of profit of HK$25,128,000).

FINANCIAL POSITION

As at 31 December 2012, the Group's total assets and total liabilities amounted to HK$3,024,815,000 and HK$727,508,000, representing a decrease of HK$98,156,000 and HK$182,759,000 respectively when compared with the positions at the end of 2011. Net current assets increased from HK$699,325,000 at the end of 2011 to HK$1,014,167,000. The current ratio (current assets divided by current liabilities) increased from 1.8 at the end of 2011 to 2.9.

Liquidity and Financial Resources

As at 31 December 2012, the Group maintained cash and cash equivalents of HK$471,217,000, of which an amount of HK$323,756,000 was denominated in Renminbi and HK$51,769,000 was denominated in United States ("US") Dollars while the remaining balance was denominated in Hong Kong Dollars. Cash and cash equivalents increased by 9.3% from the end of 2011.

As at 31 December 2012, the Group's borrowings comprised 1) unsecured bank borrowings of HK$209,492,000 (2011: bank borrowings of HK$408,056,000, of which i) HK$211,951,000 was unsecured, ii) HK$5,031,000 was secured by bills receivable of HK$5,031,000 and iii) HK$191,074,000 was secured by bank deposits of HK$221,429,000); and 2) loans from a related company of HK$79,560,000 (2011: HK$79,560,000). 55.4% (2011: 32.8%) of the Group's borrowings was guaranteed by the Company. As at 31 December 2012, 44.6% of the Group's borrowings was repayable within 1 year, and the remaining balance was repayable within 2 years, while as at 31 December 2011, all of the Group's borrowings was repayable within 1 year. All borrowings were subject to annual interest rates ranging from 0.91% to 2.28% (2011: 1.34% to 3.88%). 82.9% (2011: 49.1%) of the Group's borrowings bears interest at floating rates. The management pays attention to variations in interest rates.

As at 31 December 2012, 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 -8.6% (2011: 2.8%).

As at 31 December 2012, the Group's available banking facilities which are used for working capital and trade finance purposes, amounted to HK$316,000,000, of which HK$186,476,000 was utilised and HK$129,524,000 was unutilised. 50.6% of the Group's banking facilities was guaranteed by the Company. Currently, the cash reserves and available banking facilities, as well as the steady cash flow from operations, are sufficient to meet the Group's debt obligations and business operations.

Capital Commitments and Capital Expenditure

The Group's capital expenditure in 2012 amounted to HK$22,506,000 (2011: HK$22,633,000). Capital commitments outstanding at 31 December 2012 not provided for in the financial statements amounted to HK$252,143,000 (2011: HK$15,247,000), of which approximately RMB200 million (equivalent to approximately HK$247 million) is for the construction of a new tinplating production line of Zhongyue Tinplate. It is expected that the capital expenditure for 2013 will be approximately HK$140 million.

Acquisitions and Disposals of Investments

During the year of 2012, the Group has no material acquisitions and disposals of investments.

Charges on Assets

As at 31 December 2012, none of the assets of the Group was pledged, whereas as at 31 December 2011, certain assets of the Group with an aggregate carrying value of HK$226,460,000 were pledged to secure loans and banking facilities of the Group.

Contingent liabilities

As at 31 December 2012, the Group has no material contingent liabilities.

Exchange Rate and Interest Rate Exposures

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

In respect of unforeseen fluctuations in exchange rates, the Group will hedge the exposure as and when necessary. As at 31 December 2012, the Group did not enter into any forward foreign exchange contracts. As at 31 December 2011, forward foreign exchange contracts of US$25,350,000 (equivalent to HK$197,730,000) were entered into by the Group to hedge against foreign currency loans.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2012, the Group had a total of 1,282 full-time employees, an increase of 60 from the end of 2011. 181 employees were based in Hong Kong and 1,101 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 2012, the Group continued to implement controls over the headcount, organisation structure and total salaries of each subsidiary. The performance bonus incentive scheme for the management remained effective. Through performance assessment of each subsidiary, a performance bonus was accrued according to various profit rankings and with reference to net cash inflow from operations and profit after taxation. In addition, bonuses will be rewarded to the management, key personnel and outstanding staff through assessment of individual performance. These incentive schemes have effectively improved the morale of our staff members. The Company has also adopted share option schemes to encourage excellent participants to continue their contribution to the Group.

CONSOLIDATED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2012

The Board announces the consolidated results of the Group for the year ended 31 December 2012, which have been reviewed by the Company’s Audit Committee.

Consolidated Income Statement
For the year ended 31 December 2012
(Expressed in Hong Kong dollars)

	Note	***2012*** **$'000**	*2011* $'000
Turnover	3	**3,346,291**	3,404,115
Cost of sales		**(3,040,857)**	(3,092,725)
Gross profit		**305,434**	311,390
Other revenue	4	**16,772**	15,426
Other net income	5	**6,384**	59,308
Distribution costs		**(68,490)**	(69,919)
Administrative expenses		**(104,634)**	(98,633)
Other operating expenses		**(1,251)**	(2,535)
Profit from operations		**154,215**	215,037
Net valuation gains on investment properties	10(b)	**16,845**	28,747
Finance costs	6(a)	**(6,438)**	(11,675)
Share of profits less losses of associates		**(12,526)**	33,018
Profit before taxation	6	**152,096**	265,127
Income tax	7	**(28,639)**	(33,400)
Profit for the year		**123,457**	231,727
Attributable to:			
Equity shareholders of the Company		**114,921**	213,155
Non-controlling interests		**8,536**	18,572
Profit for the year		**123,457**	231,727
Dividends payable to equity shareholders of the Company attributable to the year:	8(a)		
Interim dividend declared and paid during the year		**13,609**	22,682
Final dividend proposed after the balance sheet date		**13,609**	22,682
		27,218	45,364
Earnings per share			
Basic	9(a)	**12.7 cents**	23.5 cents
Diluted	9(b)	**12.7 cents**	23.5 cents

Consolidated Balance Sheet
At 31 December 2012
(Expressed in Hong Kong dollars)

	Note	***2012*** **$'000**	*2011* $'000
Non-current assets			
Fixed assets			
- Investment properties	10(b)	**350,974**	334,136
- Other property, plant and equipment		**735,316**	803,576
- Interests in leasehold land held for own use under operating leases		**108,885**	112,120
	10	**1,195,175**	1,249,832
Interest in associates		**287,183**	299,259
Deferred tax assets		**3,946**	3,914
		1,486,304	1,553,005
Current assets			
Inventories	11	**437,822**	368,536
Trade and other receivables, deposits and prepayments	12	**628,481**	769,312
Current tax recoverable		**991**	876
Cash and cash equivalents	13	**471,217**	431,242
		1,538,511	1,569,966
Current liabilities			
Trade and other payables	14	**369,580**	361,626
Bank loans	15(a)	**49,492**	408,056
Loans from a related company	15(b)	**79,560**	79,560
Current tax payable		**25,712**	21,399
		524,344	870,641
Net current assets		**1,014,167**	699,325
Total assets less current liabilities		**2,500,471**	2,252,330
Non-current liabilities			
Bank loans	15(a)	**160,000**	-
Deferred tax liabilities		**43,164**	39,626
		203,164	39,626
Net assets		**2,297,307**	2,212,704
Capital and reserves			
Share capital		**453,647**	453,647
Reserves		**1,665,621**	1,588,069
Total equity attributable to equity shareholders of the Company		**2,119,268**	2,041,716
Non-controlling interests		**178,039**	170,988
Total equity		**2,297,307**	2,212,704

Notes to the consolidated financial information

(Expressed in Hong Kong dollars, unless otherwise indicated)

1. Basis of preparation

The financial information set out in this report does not constitute the Group's statutory financial statements for the year ended 31 December 2012, but is derived from these financial statements.

The Group's consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This financial report has been prepared on a basis consistent with the accounting policies and methods adopted in the 2011 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2012 annual financial statements. Details of these changes in accounting policies are set out in note 2.

2. Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKFRS 7, *Financial instruments: Disclosures – Transfers of financial assets*
- Amendments to HKAS 12, *Income taxes – Deferred tax: Recovery of underlying assets*

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

Amendments to HKFRS 7, *Financial instruments: Disclosures*

The amendments to HKFRS 7 require certain disclosures to be included in the annual financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

2. Changes in accounting policies (Continued)

Amendments to HKAS 12, *Income taxes*

Under HKAS 12 deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the assets in question. In this regard, the amendments to HKAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under HKAS 40, *Investment property*, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Previously, where investment properties were held under leasehold interests, the Group assumed that the property's value would be recovered through use and measured deferred tax accordingly. As a result of adopting the amendments to HKAS 12, the Group reviewed its investment property portfolio and concluded that the presumption in the amended HKAS 12 is not rebutted in respect of its investment properties located in Hong Kong. Therefore, the deferred tax relating to these properties has been re-measured on the basis of recovering their carrying amounts entirely through sale. As one of the Group's properties is located in Hong Kong which has no capital gains tax, this has resulted in a reduction in the amount of deferred tax provided on valuation gains. In respect of the Group's investment properties located in the People's Republic of China (the "PRC"), the Group determined that these properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time and consequently the presumption in the amended HKAS 12 is rebutted for these properties. As a result, the Group continues to measure the deferred tax relating to these other properties using the tax rate that would apply as a result of recovering their value through use.

This change in policy has been applied retrospectively but has no impact on the deferred tax and other balances in previous period except for restating the components of deferred tax in respect of revaluation of investment properties, depreciation allowances in excess of the related depreciation and tax losses at 1 January 2011 and 31 December 2011, with consequential adjustments to comparatives for the year ended 31 December 2011. Upon the adoption of amendments to HKAS 12, the deferred tax liability in respect of revaluation of investment properties at 1 January 2011 and 31 December 2011 has been restated from $16,967,000 to $13,283,000 and $22,632,000 to $14,674,000 respectively, deferred tax liabilities in respect of depreciation allowances in excess of the related depreciation at 1 January 2011 and 31 December 2011 have been restated from $12,450,000 to $12,951,000 and $13,456,000 to $13,962,000 respectively, deferred tax assets in respect of tax losses at 1 January 2011 and 31 December 2011 have been restated from $3,183,000 to $Nil and $7,452,000 to $Nil respectively, the deferred tax expense in respect of the revaluation of investment properties for the year ended 31 December 2011 has been restated from $4,985,000 to $711,000, the deferred tax expense in respect of the depreciation allowance in excess of the related depreciation for the year ended 31 December 2011 has been restated from $366,000 to $371,000 and the deferred tax credit in respect of tax losses for the year ended 31 December 2011 has been restated from $4,269,000 to $Nil.

3. Turnover and segment reporting

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

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

(a) Segment results, assets and liabilities

In accordance with HKFRS 8, segment information disclosed in the financial statements has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

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

In addition, management is provided with segment information concerning revenue (inter-segment sales are not material), profit or loss, assets, liabilities and other information relevant to the assessment of segment performance and allocation of resources between segments (if material). Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below:

3. Turnover and segment reporting (Continued)

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

	Tinplating		*Fresh and live foodstuffs*		*Property leasing*		*Total*	
	2012	*2011*	***2012***	*2011*	***2012***	*2011*	***2012***	*2011*
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue from external customers	**2,991,518**	3,107,232	**327,384**	269,293	**27,389**	27,590	**3,346,291**	3,404,115
Inter-segment revenue	**-**	-	**-**	-	**-**	-	**-**	-
Reportable segment revenue	**2,991,518**	3,107,232	**327,384**	269,293	**27,389**	27,590	**3,346,291**	3,404,115
Reportable segment profit	**65,959**	112,229	**93,968**	90,689	**16,745**	16,902	**176,672**	219,820
Reportable segment assets	**2,208,521**	2,348,387	**234,621**	196,204	**359,161**	343,012	**2,802,303**	2,887,603
(including interest in associates)	**-**	-	**75,321**	71,046	**-**	-	**75,321**	71,046
Reportable segment liabilities	**654,922**	840,876	**24,346**	20,389	**39,052**	36,367	**718,320**	897,632
Depreciation and amortisation for the year	**90,277**	82,458	**423**	502	**1,611**	1,789	**92,311**	84,749
Interest income	**11,288**	8,898	**11**	8	**-**	-	**11,299**	8,906
Write-down of inventories	**10,317**	11,782	**-**	-	**-**	-	**10,317**	11,782
Additions to non-current segment assets during the year	**21,729**	22,544	**404**	59,996	**-**	-	**22,133**	82,540

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

	2012	*2011*
	$'000	$'000
Profit		
Reportable segment profit derived from the Group's external customers	**176,672**	219,820
Unallocated head office and corporate income and expenses	**(18,712)**	3,107
Net valuation gains on investment properties	**16,845**	28,747
Finance costs	**(6,438)**	(11,675)
Share of (loss)/profit of an associate not attributable to any segment	**(16,271)**	25,128
Consolidated profit before taxation	**152,096**	265,127

3. Turnover and segment reporting (Continued)

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

	2012	*2011*
	$'000	$'000
Assets		
Reportable segment assets	**2,802,303**	2,887,603
Interest in an associate not attributable to any segment	**211,862**	228,213
Unallocated head office and corporate assets	**10,650**	7,155
Consolidated total assets	**3,024,815**	3,122,971
Liabilities		
Reportable segment liabilities	**718,320**	**897,632**
Unallocated head office and corporate liabilities	**9,188**	**12,635**
Consolidated total liabilities	**727,508**	**910,267**

(c) Geographic information

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

	Revenue from external customers		***Specified non-current assets***	
	2012	*2011*	***2012***	*2011*
	$'000	$'000	**$'000**	*$'000*
Hong Kong (place of domicile)	**457,126**	406,771	**140,155**	131,271
Mainland China	**1,366,616**	1,466,956	**1,342,203**	1,417,820
Asian countries (excluding Mainland China and Hong Kong)	**1,032,534**	1,071,237	**-**	-
Other countries	**490,015**	459,151	**-**	-
	2,889,165	2,997,344	**1,342,203**	1,417,820
	3,346,291	3,404,115	**1,482,358**	1,549,091

4. Other revenue

	2012	*2011*
	$'000	$'000
Interest income	**11,299**	8,906
Subsidies received	**800**	1,609
Others	**4,673**	4,911
	16,772	15,426

5. Other net income

	2012	*2011*
	$'000	$'000
Net realised and unrealised exchange gain	**7,152**	37,154
Net loss on forward foreign exchange contracts	**(732)**	(6,550)
Write back of liabilities (note (i))	**-**	28,658
Gain on deemed disposal of interest in an associate (note (ii))	**503**	-
Net loss on disposal of fixed assets	**(640)**	(429)
Excess of the Group's interest in the acquirees' net fair value of the identifiable assets and liabilities over the costs of acquisition	**-**	475
Others	**101**	-
	6,384	59,308

Notes:

(i) The amounts mainly represented the write back of long outstanding liabilities as the statutory limitation periods stipulated in the relevant laws and regulations had expired and no actions were taken by these creditors.

(ii) On 31 May 2012, Hubei Jinxu issued a total of 5,450,000 new shares to certain management personnel of Hubei Jinxu at a price of RMB2.37 per share. After the issuance of the new shares, the Group's equity interest in Hubei Jinxu was diluted from 19.53% to 18.66%, which resulted in a gain on deemed disposal of $503,000.

6. Profit before taxation

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

	2012	*2011*
	$'000	$'000
(a) Finance costs		
Interest on bank advances and other borrowings wholly repayable within 5 years	**4,937**	10,647
Interest on loans from a related company	**1,501**	1,028
	6,438	11,675
(b) Staff costs		
Net contributions to defined contribution retirement plans	**10,538**	8,673
Equity-settled share-based payment expenses	**(875)**	2,100
Salaries, wages and other benefits	**142,850**	125,672
	152,513	136,445

6. Profit before taxation (Continued)

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

	2012	*2011*
	$'000	$'000
(c) Other items		
Cost of inventories sold (note)	**3,017,170**	3,071,169
Auditors' remuneration	**4,679**	4,846
Depreciation	**89,206**	81,721
Amortisation of land lease premium	**3,205**	3,143
Impairment losses on trade receivables	**-**	144
Bad debts written off	**726**	-
Reversal of impairment losses on trade receivables	**(50)**	-
Write-down of inventories	**10,317**	11,782
Operating lease charges in respect of property rentals	**7,246**	6,717
Rentals receivable from investment properties less direct outgoings of $2,290,000 (2011: $2,322,000)	**(25,099)**	(25,268)

Note: Cost of inventories sold includes $173,823,000 (2011: $146,950,000) relating to staff costs, depreciation, amortisation and write-down of inventories, which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses.

7. Income tax in the consolidated income statement

Taxation in the consolidated income statement represents:

		2012	*2011*
	Note	**$'000**	$'000
Current tax – Hong Kong			
Provision for the year		**11,869**	13,282
(Over)/under-provision in respect of prior years		**(9)**	48
		11,860	13,330
Current tax – the PRC			
Provision for the year		**13,281**	30,817
Over-provision in respect of prior years	(iv)	**-**	(3,813)
		13,281	27,004
Deferred tax			
Origination and reversal of temporary differences		**3,498**	(6,934)
	(i)	**28,639**	33,400

7. Income tax in the consolidated income statement (Continued)

Taxation in the consolidated income statement represents: (Continued)

Notes:

(i) The provision for Hong Kong Profits Tax for 2012 is calculated by applying the estimated annual effective tax rate of 16.5% (2011: 16.5%) to the estimated assessable profits for the year ended 31 December 2012. Income tax for subsidiaries established and operating in the PRC is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant provinces or economic zones in the PRC.

(ii) In accordance with the Corporate Income Tax Law of the PRC ("New Tax Law"), the standard PRC Enterprise Income Tax rate is 25% with effect from 1 January 2008. Furthermore, the State Council of the PRC passed the implementation guidance ("Implementation Guidance") on 26 December 2007, which sets out the details of how the existing preferential income tax rates will be adjusted to the standard rate of 25%. According to the Implementation Guidance, the income tax rate for certain PRC subsidiaries of the Group is to be changed gradually to the standard rate of 25% over a five-year transition period beginning from 2008. The details of the tax relief are disclosed below.

(iii) Zhongyue Posco, being a foreign investment enterprise established in the PRC before the New Tax Law was passed on 16 March 2007, was entitled to a tax holiday of a tax-free period for the first and second years and a 50% reduction in the income tax rate for the third to fifth years beginning from the year 2008. The provision for 2012 is calculated by applying the tax rate of 12.5%, being 50% of the transitional tax rate of 25%, to the taxable profit for the current year.

(iv) The amount represents reversal of an over-provision for PRC income tax in respect of prior years.

(v) According to the New Tax Law, dividends declared by the PRC subsidiaries and associates to investors incorporated in Hong Kong are subject to a withholding tax of 5%.

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

8. Dividends

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

	2012	*2011*
	$'000	$'000
Interim dividend declared and paid of 1.5 cents (2011: 2.5 cents) per ordinary share	**13,609**	22,682
Final dividend proposed after the balance sheet date of 1.5 cents (2011: 2.5 cents) per ordinary share	**13,609**	22,682
	27,218	45,364

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

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

	2012	*2011*
	$'000	$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 2.5 cents (2011: 2.0 cents) per ordinary share	**22,682**	18,118

9. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $114,921,000 (2011: $213,155,000) and the weighted average number of 907,293,000 (2011: 906,677,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2012	*2011*
	'000	'000
Issued ordinary shares at 1 January	**907,293**	905,923
Effect of share options exercised	**-**	754
Weighted average number of ordinary shares	**907,293**	906,677

9. Earnings per share (Continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $114,921,000 (2011: $213,155,000) and the weighted average number of ordinary shares (diluted) of 907,620,000 (2011: 907,606,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2012	*2011*
	’000	’000
Weighted average number of ordinary shares used in the basic earnings per share calculation	**907,293**	906,677
Effect of deemed issue of ordinary shares under the Company’s share option schemes for nil consideration	**327**	929
Weighted average number of ordinary shares (diluted)	**907,620**	907,606

10. Fixed Assets

(a) Acquisitions

During the year, the Group acquired items of property, plant and equipment with a total cost of $22,506,000 (2011: $22,633,000).

(b) Investment properties

Investment properties of the Group situated in Hong Kong totalling $139,031,000 (2011: $130,400,000) were revalued at 31 December 2012 by an independent firm of surveyors, Vigers Appraisal and Consulting Limited (“Vigers”), who have among their staff members of Hong Kong Institute of Surveyors, on a market value basis. Investment properties of the Group situated in the PRC totalling $211,943,000 (2011: $203,736,000) were revalued at 31 December 2012 by either Vigers or 河北衡信資產評估有限公司, independent firms of valuers registered in the PRC, on a market value basis.

11. Inventories

Inventories in the consolidated balance sheet comprise:

	2012	*2011*
	$’000	$’000
Raw materials, spare parts and consumables	**188,280**	131,812
Work in progress	**14,140**	13,461
Finished goods	**235,402**	223,263
	437,822	368,536

12. Trade and other receivables, deposits and prepayments

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

	2012	*2011*
	$'000	$'000
Within 1 month	**572,694**	606,772
1 to 3 months	**22,714**	16,520
Over 3 months	**1,844**	6,445
	597,252	629,737

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

13. Cash and cash equivalents

	2012	*2011*
	$'000	$'000
Deposits with banks	**1,456**	258,878
Cash at bank and in hand	**469,761**	172,364
Cash and cash equivalents in the consolidated balance sheet	**471,217**	431,242
Pledged bank deposits	**-**	(221,429)
	471,217	209,813

14. Trade and other payables

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

	2012	*2011*
	$'000	$'000
Due within 1 month or on demand	**217,448**	210,670

15. Borrowings

	Note	*2012*	*2011*
		$'000	$'000
(a) Bank loans			
- unsecured	(i)	**209,492**	211,951
- secured by bills receivable	(ii)	**-**	5,031
- secured by bank deposits	(iii)	**-**	191,074
		209,492	408,056

At 31 December 2012, the bank loans were repayable as follows:

	2012	*2011*
	$'000	$'000
Within 1 year or on demand	**49,492**	408,056
After 1 year but within 2 years	**160,000**	-
	209,492	408,056

Notes:

(i) Included in unsecured bank loans are loans of $160,000,000 (2011: $160,000,000) which are guaranteed by the Company and subject to fulfilment of certain loan covenants (note 15(a)(iv)).

(ii) The loans at 31 December 2011 were secured by bills receivable with carrying amounts of $5,031,000.

(iii) The loans at 31 December 2011 were secured by bank deposits of $221,429,000.

(iv) The loans are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the amount would become repayable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2012, none of the covenants relating to the bank loans had been breached.

(v) At the balance sheet date, the directors do not consider it probable that a claim will be made against the Company under the corporate guarantee issued in respect of bank loans obtained by a subsidiary as disclosed in note (i) above. The maximum liability of the Company at the balance sheet date under the guarantee issued amounted to $160,000,000 (2011: $160,000,000). The Company has not recognised any deferred income in respect of the guarantee as the fair value of such guarantee cannot be reliably measured and the transaction price was $Nil (2011: $Nil).

	2012	*2011*
	$'000	$'000
(b) Loans from a related company	**79,560**	79,560

The loans were provided to a non-wholly owned subsidiary of the Group by a company related to the minority shareholder of this non-wholly owned subsidiary. The loans are unsecured, interest-bearing at 3-month London Interbank Offered Rate ("LIBOR") + 1.5% (2011: 3-month LIBOR+0.9%) per annum and repayable on either 18 September 2013 or 28 September 2013.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Dividend

An interim dividend of HK 1.5 cents (2011 : HK 2.5 cents) per share was paid on 26 October 2012. The Board recommends the payment of a final dividend of HK 1.5 cents (2011 : HK 2.5 cents) per share for the year ended 31 December 2012. The proposed final dividend, if approved at the 2013 Annual General Meeting ("AGM") of the Company, is expected to be paid on Monday, 24 June 2013 to the shareholders whose names appear on the register of members of the Company on Tuesday, 11 June 2013.

Closure of Register of Members

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

(i) from Thursday, 30 May 2013 to Monday, 3 June 2013 (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 registrars, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 29 May 2013; and

(ii) from Friday, 7 June 2013 to Tuesday, 11 June 2013 (both days inclusive), for the purpose of determining shareholders' entitlement to the proposed final dividend, during which period no transfers of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at the address as set out in sub-paragraph (i) above not later than 4:30 p.m. on Thursday, 6 June 2013.

Corporate Governance Code

In the opinion of the directors of the Company, the Company has complied with the code provisions and, where appropriate, the applicable recommended best practices set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) (collectively the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 December 2012, save for new code provision A.6.7 of the CG Code as a Non-Executive Director was unable to attend the AGM of the Company held on 24 May 2012 as he had other engagements.

Review of Annual Results

The annual results of the Group for the year ended 31 December 2012 have been reviewed by the Company's Audit Committee.

Purchase, Sale and Redemption of Listed Securities

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

By Order of the Board
Tan Yunbiao
Chairman

Hong Kong, 22 March 2013

As at the date of this announcement, the Board is composed of four executive directors, namely Messrs. Tan Yunbiao, Li Li, Luo Jianhua and Sung Hem Kuen; two non-executive directors, namely Mr. Liang Jiang and Ms. Liang Jianqin; and three independent non-executive directors, namely Mr. Gerard Joseph McMahon, Ms. Tam Wai Chu, Maria and Mr. Li Kar Keung, Caspar.