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 2013

Financial highlights for the year ended 31 December

	2013	2012	
	HK$'000	HK$'000	Change
Turnover	**3,493,934**	3,346,291	4.4%
Profit from operations	**186,257**	154,215	20.8%
Profit attributable to shareholders	**173,880**	114,921	51.3%
Earnings per share – Basic	**HK 19.2 cents**	HK 12.7 cents	51.2%
Dividend per share			
Interim	**HK 2.0 cents**	HK 1.5 cents	
Proposed final	**HK 2.0 cents**	HK 1.5 cents	
	HK 4.0 cents	HK 3.0 cents	33.3%

CHAIRMAN'S STATEMENT

I am pleased to 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$173,880,000 in 2013, representing an increase of 51.3% compared with HK$114,921,000 in 2012. The basic earnings per share was HK 19.2 cents, representing an increase of 51.2% from HK 12.7 cents in 2012.

Dividend

The Board of Directors of the Company (the "Board") recommends the payment of a final dividend of HK 2.0 cents per share for the year 2013. The final dividend for 2013, subject to the approval by the shareholders of the Company at the annual general meeting, is expected to be paid on 24 June 2014.

Business Review

In 2013, the growth in the Group's profit was satisfactory. The Group's consolidated turnover was HK$3,493,934,000, representing an increase of 4.4% from HK$3,346,291,000 in 2012. Profit from operations was HK$186,257,000, representing an increase of 20.8% from HK$154,215,000 in 2012, mainly attributable to the growth in profit from operations of the tinplating business.

In respect of the tinplating business, the excess supply over demand in the iron and steel industry and intense competition placed pressure on the price of iron and steel products. In 2013, the selling price of tinplate products continued to remain at a relatively low level. Through modifying and integrating the sales and marketing capacities of the tinplating plants in northern and southern China, sales volume of tinplate products was increased as compared to that in 2012, which created a basis for the Group to leverage from the effect of economies of scale. This in turn effectively mitigated the impact on the Group's profit regarding the surge in the cost of raw materials and hence increased gross profit. Besides, as a result of the faster appreciation of Renminbi against the Hong Kong Dollar and the United States Dollar, exchange gains for the year increased significantly, which contributed to the substantial increase in operating profit of the Group's tinplating business as compared to that in 2012.

As to the fresh and live foodstuffs business, although the price of live pigs went down in the first half of the year, it stabilised in the second half of the year. Given the devoted efforts of our operation team and premium quality sources of goods from major suppliers, the Group actively maintained the market supply and the overall market share in the live pigs supply into Hong Kong remained at about 45%. This provided a relatively steady contribution to the earnings of the Group.

In respect of the property leasing business, in line with the increase in the valuation of office units in Hong Kong in 2013, net valuation gains on investment properties of HK$45,846,000 (2012: HK$16,845,000) were recorded by the Group.

For the associates, through various control measures on costs and expenses implemented by Yellow Dragon Food Industry Co., Ltd., its loss decreased, and hence the Group's share of loss of an associate was substantially reduced.

Prospects

Currently, the recovery of the European and US economies is slow, while the economic growth rate in the Mainland China reduced slightly. With more new tinplating production lines operated by other companies in the Mainland China commencing operation, there is pressure on the sales of tinplate products and there will be certain challenges in the operating environment in 2014. Besides, the depreciation of Renminbi against the United States Dollars in the recent month will have an unfavourable impact on the Group's earnings. In respect of the tinplating business, the Group will strive to increase production and sales volume and achieve economies of scale. Meanwhile, we will also actively transform and upgrade our business and start a new round of development. The Group is constructing a new tinplating production line in Zhongshan, with an annual production capacity of 150,000 tonnes, together with expansion of the relevant coating and printing production lines, in order to improve the standard of production equipment and product quality and to strengthen our core competitiveness. It is expected that these production lines will gradually commence operation around the end of 2014. 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, continue to explore new and stable sources of supply 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, 27 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Tinplating

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

In 2013, the Group produced 381,936 tonnes of tinplate products, representing an increase of 6.3% as compared to that in 2012. Among which, Zhongyue Tinplate and Zhongyue Posco produced 209,643 tonnes and 172,293 tonnes respectively. In addition, the blackplate manufacturing plant of Zhongyue Tinplate produced 140,092 tonnes of blackplates, a decrease of 3.1% as compared to that in 2012, 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 387,235 tonnes of tinplate products, an increase of 8.1% as compared to that in 2012, of which, Zhongyue Tinplate and Zhongyue Posco sold 209,937 tonnes and 177,298 tonnes of tinplate products respectively, an increase of 1.2% and 17.5% respectively as compared to that in 2012. Turnover was HK$3,136,356,000, an increase of 4.8% as compared to that in 2012 and profit from operations was HK$91,402,000, an increase of HK$25,443,000 or 38.6% as compared to that in 2012. The tinplating business accounted for 89.8% and 49.1% of the Group's turnover and profit from operations respectively.

The excess supply over demand in the iron and steel industry and intense competition placed pressure on the price of iron and steel products. In 2013, the selling price of tinplate products continued to remain at a relatively low level. On the other hand, the price of hot-rolled plates, which is one of the major raw materials for the production of blackplates, was volatile. Through modifying and integrating the sales and marketing capacities of the tinplating plants in northern and southern China, the Group increased its sales to customers in northern China. Sales volume of Zhongyue Posco increased by 17.5% as compared to that in 2012, which created a basis for the Group to leverage from the effect of economies of scale. This in turn effectively mitigated the impact on the Group's profit regarding the surge in the cost of raw materials and hence increased gross profit. Besides, as a result of the faster appreciation of Renminbi against the Hong Kong Dollar and the United States Dollar, exchange gains for the year increased significantly, which contributed to the substantial increase in operating profit of the Group's tinplating business as compared to that in 2012. Meanwhile, through the pursuit of more flexible payment methods with its suppliers, the Group successfully increased liquidity of its working capital and bank deposits. Interest income was enhanced accordingly. Sales were also stabilised by capitalising on the favourable position in capital management and adopting effective control in trade receivables management. The Group will review its human resources situation, increase its effectiveness and efficiency, and continue to strengthen the internal control. Furthermore, it will also deploy Six Sigma methodology for implementing projects for technological improvements in order to accelerate the progress in new scientific and technological R&D initiatives and applications to refine electroplating techniques and to promote energy saving, waste reduction and efficiency optimisation, incubating new strengths for the future development of our tinplating business.

Tinplating (continued)

As the tinplating factory in Zhongshan is operating at full capacity, in order to accelerate the transformation and upgrade of our business, the Group re-occupied certain plant in our factory area in Zhongshan, which was previously let out, to construct a new tinplating production line with an annual production capacity of 150,000 tonnes, together with expansion of the relevant coating and printing production lines. Besides, Zhongyue Posco is also preparing to acquire coating and printing production lines. It is estimated that the total investment cost of these production lines will be approximately RMB265 million (equivalent to approximately HK$337 million). These new production lines will enable the Group to improve the standard of production equipment and product quality and refine the product mix. It will also facilitate the development of new products and strengthen our core competitiveness. It is expected that these production lines will commence operation consecutively around the end of 2014. By that time, the annual production capacity of tinplate products, blackplates, and coated and printed tinplates of the Group's factories in northern and southern China will become 620,000 tonnes, 150,000 tonnes and 100,000 tonnes respectively.

Fresh and Live Foodstuffs

Guangnan Hong Company Limited ("Guangnan Hong") is a wholly-owned subsidiary of the Company. Guangnan Hong holds a 51% interest in Guangnan Live Pigs Trading Limited, a 15.20% (31 December 2012: 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 2013, the turnover of the fresh and live foodstuffs business amounted to HK$330,375,000, representing an increase of 0.9% as compared to that in 2012. Together with the share of losses less profits of associates, Hubei Jinxu and Guangdong Baojin, of HK$549,000, profit from operations was HK$94,557,000, representing an increase of 0.6% as compared to that in 2012. Although the price of live pigs went down in the first half of the year, it stabilised in the second half of the year. 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 Hubei Jinxu and Guangdong Baojin, expansion in the scope of pig farming is being gradually implemented, 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 2013, turnover from the property leasing business of the Group was HK$27,203,000, a decrease of 0.7% as compared to that in 2012. Profit from operations of leasing properties amounted to HK$17,277,000, an increase of 3.2% as compared to that in 2012. In line with the increase in the valuation of office units in Hong Kong in 2013, net valuation gains on investment properties of HK$45,846,000 (2012: HK$16,845,000) were recorded by the Group.

Yellow Dragon

In 2013, Yellow Dragon Food Industry Co., Ltd. ("Yellow Dragon"), an associate of the Group, recorded a sales volume of 422,555 tonnes of its major product, corn starch, approximately the same as that in 2012. Turnover was HK$2,147,600,000, a decrease of 5.8% as compared to that in 2012. Through various control measures on costs and expenses implemented by Yellow Dragon, its loss was significantly reduced from HK$40,678,000 in 2012 to HK$10,058,000 in 2013. As the Company holds a 40% interest in Yellow Dragon, the Group's share of loss was HK$4,023,000 (2012: HK$16,271,000).

FINANCIAL POSITION

As at 31 December 2013, the Group's total assets and total liabilities amounted to HK$3,305,974,000 and HK$803,528,000, representing an increase of HK$281,159,000 and HK$76,020,000 respectively when compared with the positions at the end of 2012. Net current assets decreased from HK$1,014,167,000 at the end of 2012 to HK$1,011,345,000. The current ratio (current assets divided by current liabilities) decreased from 2.9 at the end of 2012 to 2.3.

Liquidity and Financial Resources

As at 31 December 2013, the Group maintained cash and cash equivalents of HK$668,972,000, of which an amount of HK$464,047,000 was denominated in Renminbi and HK$121,874,000 was denominated in United States Dollars while the remaining balance was denominated in Hong Kong Dollars. Cash and cash equivalents increased by 42.0% from the end of 2012. Interest income also increased from HK$11,299,000 in 2012 by 44.5% to HK$16,322,000 in 2013.

As at 31 December 2013, the Group's borrowings comprised 1) unsecured bank borrowings of HK$172,523,000 (2012: HK$209,492,000); and 2) loans from a related company of HK$79,560,000 (2012: HK$79,560,000). 63.5% (2012: 55.4%) of the Group's borrowings was guaranteed by the Company. As at 31 December 2013, all of the Group's borrowings was repayable within 1 year, while 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. All borrowings were subject to annual interest rates ranging from 1.74% to 2.16% (2012: 0.91% to 2.28%). 95.0% (2012: 82.9%) of the Group's borrowings bears interest at floating rates. The management pays attention to variations in interest rates.

As at 31 December 2013, the Group's gearing ratio, calculated by dividing the net borrowings (being borrowings less cash and cash equivalents) of the Group by total equity attributable to equity shareholders of the Company, was -18.1% (2012: -8.6%).

As at 31 December 2013, the Group's available banking facilities which are used for working capital and trade finance purposes, amounted to HK$441,152,000, of which HK$219,412,000 was utilised and HK$221,740,000 was unutilised. 36.3% 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 2013 amounted to HK$43,035,000 (2012: HK$22,506,000). Capital commitments outstanding at 31 December 2013 not provided for in the financial statements amounted to HK$254,599,000 (2012: HK$252,143,000), mainly for the construction of a new tinplating production line in Zhongshan, together with expansion of the relevant coating and printing production lines. It is expected that the capital expenditure for 2014 will be approximately HK$220 million.

Acquisitions and Disposals of Investments

During the year of 2013, the Group has no material acquisitions, while the Group's associate, Hubei Jinxu, issued new shares to other parties. After the issuance of the new shares, the Group's equity interest in Hubei Jinxu was diluted from 18.66% to 15.20% (2012: 19.53% to 18.66%), which resulted in a gain on deemed disposal of HK$5,086,000 (2012: HK$503,000).

Charges on Assets

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

Contingent Liabilities

In April 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 HK$2,620,000) and a penalty of approximately RMB4,962,000 (equivalent to HK$6,311,000) for non-payment. Currently, the court proceedings are still in progress.

In prior years, this PRC third party had also filed claims in respect of the same matter but the claims were denied. Based on the information currently available, the Group considers that no provision is required to be made in respect of this claim because the likelihood of an adverse outcome is remote.

Except for the abovementioned matter, the Group had no material contingent liabilities as at 31 December 2013.

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 2013, forward foreign exchange contracts of JPY234,000,000 (equivalent to HK$17,222,000) and RMB169,614,000 (equivalent to HK$215,732,000) against United States Dollar were entered into by the Group to hedge against currency risks in respect of an equipment purchase contract and export sales respectively. As at 31 December 2012, the Group had not entered into any forward foreign exchange contracts.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the Group had a total of 1,236 full-time employees, a decrease of 46 from the end of 2012. 180 employees were based in Hong Kong and 1,056 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 2013, 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 2013

The Board announces the consolidated results of the Group for the year ended 31 December 2013, which have been reviewed by the Company's Audit Committee.

Consolidated Income Statement
For the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Note	***2013*** **$'000**	*2012* $'000
Turnover	3	**3,493,934**	3,346,291
Cost of sales		**(3,172,469)**	(3,040,857)
Gross profit		**321,465**	305,434
Other revenue	4	**18,861**	16,772
Other net income	5	**33,942**	6,384
Distribution costs		**(74,967)**	(68,490)
Administrative expenses		**(112,365)**	(104,634)
Other operating expenses		**(679)**	(1,251)
Profit from operations		**186,257**	154,215
Net valuation gains on investment properties	10(b)	**45,846**	16,845
Finance costs	6(a)	**(5,952)**	(6,438)
Share of profits less losses of associates		**(4,572)**	(12,526)
Profit before taxation	6	**221,579**	152,096
Income tax	7	**(34,141)**	(28,639)
Profit for the year		**187,438**	123,457
Attributable to:			
Equity shareholders of the Company		**173,880**	114,921
Non-controlling interests		**13,558**	8,536
Profit for the year		**187,438**	123,457
Dividends payable to equity shareholders of the Company attributable to the year:	8(a)		
Interim dividend declared and paid during the year		**18,146**	13,609
Final dividend proposed after the balance sheet date		**18,146**	13,609
		36,292	27,218
Earnings per share			
Basic	9(a)	**19.2 cents**	12.7 cents
Diluted	9(b)	**19.2 cents**	12.7 cents

Consolidated Balance Sheet
At 31 December 2013
(Expressed in Hong Kong dollars)

	Note	***2013*** **$'000**	*2012* $'000
Non-current assets			
Fixed assets			
- Investment properties	10(b)	**381,147**	350,974
- Other property, plant and equipment		**721,938**	735,316
- Interests in leasehold land held for own use under operating leases		**118,224**	108,885
	10	**1,221,309**	1,195,175
Interest in associates		**296,205**	287,183
Deposits and prepayments		**13,354**	-
Deferred tax assets		**4,943**	3,946
		1,535,811	1,486,304
Current assets			
Inventories	11	**418,106**	437,822
Trade and other receivables, deposits and prepayments	12	**682,568**	628,481
Current tax recoverable		**517**	991
Cash and cash equivalents	13	**668,972**	471,217
		1,770,163	1,538,511
Current liabilities			
Trade and other payables	14	**472,835**	369,580
Bank loans	15(a)	**172,523**	49,492
Loans from a related company	15(b)	**79,560**	79,560
Current tax payable		**33,900**	25,712
		758,818	524,344
Net current assets		**1,011,345**	1,014,167
Total assets less current liabilities		**2,547,156**	2,500,471
Non-current liabilities			
Bank loans	15(a)	**-**	160,000
Deferred tax liabilities		**44,710**	43,164
		44,710	203,164
Net assets		**2,502,446**	2,297,307
Capital and reserves			
Share capital		**453,647**	453,647
Reserves		**1,854,017**	1,665,621
Total equity attributable to equity shareholders of the Company		**2,307,664**	2,119,268
Non-controlling interests		**194,782**	178,039
Total equity		**2,502,446**	2,297,307

Notes to the consolidated financial information

(Expressed in Hong Kong dollars, unless otherwise indicated)

1. Basis of preparation

The financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2013, but is derived from those financial statements.

The Group's consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), 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 information has been prepared on a basis consistent with the accounting policies and methods adopted in the 2012 annual financial statements, except for the accounting policy changes that are reflected in the 2013 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 a number of new HKFRSs and 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 HKAS 1, *Presentation of financial statements* – *Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*
- *Annual Improvements to HKFRSs 2009-2011 Cycle*

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

2. Changes in accounting policies (Continued)

Impacts of the adoption of new or amended HKFRSs are discussed below:

Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of comprehensive income in the financial statements has been modified accordingly.

HKFRS 10, *Consolidated financial statements*

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements*, relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 12, *Disclosure of interests in other entities*

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided these disclosures in the notes to the financial statements.

HKFRS 13, *Fair value measurement*

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided these disclosures in the notes to the financial statements.

3. Turnover and segment reporting

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

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

(a) Segment results, assets and liabilities

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

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

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

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

3. Turnover and segment reporting (Continued)

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

	Tinplating		*Fresh and live foodstuffs*		*Property leasing*		*Total*	
	2013	*2012*	***2013***	*2012*	***2013***	*2012*	***2013***	*2012*
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue from external customers	**3,136,356**	2,991,518	**330,375**	327,384	**27,203**	27,389	**3,493,934**	3,346,291
Inter-segment revenue	**-**	-	**-**	-	**-**	-	**-**	-
Reportable segment revenue	**3,136,356**	2,991,518	**330,375**	327,384	**27,203**	27,389	**3,493,934**	3,346,291
Reportable segment profit	**91,402**	65,959	**94,557**	93,968	**17,277**	16,745	**203,236**	176,672
Reportable segment assets	**2,464,291**	2,208,521	**241,468**	234,621	**382,116**	359,161	**3,087,875**	2,802,303
(Including interest in associates)	**-**	-	**81,750**	75,321	**-**	-	**81,750**	75,321
Reportable segment liabilities	**722,635**	654,922	**24,755**	24,346	**44,898**	39,052	**792,288**	718,320
Depreciation and amortisation for the year	**92,347**	90,277	**318**	423	**602**	1,611	**93,267**	92,311
Interest income	**16,310**	11,288	**12**	11	**-**	-	**16,322**	11,299
Write-down of inventories	**13,573**	10,317	**-**	-	**-**	-	**13,573**	10,317
Additions to non-current segment assets during the year	**55,649**	21,729	**61**	404	**577**	-	**56,287**	22,133

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

	2013	*2012*
	$'000	$'000
Profit		
Reportable segment profit derived from the Group's external customers and associates	**203,236**	176,672
Unallocated head office and corporate income and expenses	**(17,528)**	(18,712)
Net valuation gains on investment properties	**45,846**	16,845
Finance costs	**(5,952)**	(6,438)
Share of loss of an associate not attributable to any segment	**(4,023)**	(16,271)
Consolidated profit before taxation	**221,579**	152,096

3. Turnover and segment reporting (Continued)

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

	2013	*2012*
	$'000	$'000
Assets		
Reportable segment assets	**3,087,875**	2,802,303
Interest in an associate not attributable to any segment	**214,455**	211,862
Unallocated head office and corporate assets	**3,644**	10,650
Consolidated total assets	**3,305,974**	3,024,815
Liabilities		
Reportable segment liabilities	**792,288**	718,320
Unallocated head office and corporate liabilities	**11,240**	9,188
Consolidated total liabilities	**803,528**	727,508

(c) Geographic information

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

	Revenue from external customers		***Specified non-current assets***	
	2013	*2012*	***2013***	*2012*
	$'000	$'000	**$'000**	*$'000*
Hong Kong (place of domicile)	**449,309**	457,126	**180,838**	140,155
Mainland China	**1,548,223**	1,366,616	**1,350,030**	1,342,203
Asian countries (excluding Mainland China and Hong Kong)	**907,895**	1,032,534	**-**	-
Other countries	**588,507**	490,015	**-**	-
	3,044,625	2,889,165	**1,350,030**	1,342,203
	3,493,934	3,346,291	**1,530,868**	1,482,358

4. Other revenue

	2013 $'000	2012 $'000
Interest income	**16,322**	11,299
Subsidies received	**791**	800
Others	**1,748**	4,673
	18,861	16,772

5. Other net income

	2013 $'000	2012 $'000
Net realised and unrealised exchange gain	**28,149**	7,152
Net gains/(losses) on forward foreign exchange contracts	**1,529**	(732)
Gain on deemed disposal of interest in an associate (note)	**5,086**	503
Net loss on disposal of fixed assets	**(822)**	(640)
Others	**-**	101
	33,942	6,384

Note: During the years ended 31 December 2013 and 2012, an associate of the Group, Hubei Jinxu Agriculture Development Co., Ltd. ("Hubei Jinxu"), issued new shares to other parties. After the issuance of these new shares, the Group's equity interest in Hubei Jinxu was diluted from 18.66% to 15.20% (2012: from 19.53% to 18.66%), which resulted in a gain on deemed disposal of $5,086,000 (2012: $503,000).

6. Profit before taxation

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

	2013 $'000	2012 $'000
(a) Finance costs		
Interest on bank advances and other borrowings wholly repayable within 5 years	**4,514**	4,937
Interest on loans from a related company	**1,438**	1,501
	5,952	6,438
(b) Staff costs		
Net contributions to defined contribution retirement plans	**11,699**	10,538
Equity-settled share-based payment expenses	**(1,432)**	(875)
Salaries, wages and other benefits	**155,363**	142,850
	165,630	152,513

6. Profit before taxation (Continued)

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

		2013	*2012*
		$'000	$'000
(c)	Other items		
	Cost of inventories sold (note)	**3,149,006**	3,017,170
	Auditors' remuneration	**4,839**	4,679
	Depreciation	**89,834**	89,206
	Amortisation of land lease premium	**3,553**	3,205
	Bad debts written off	**-**	726
	Reversal of impairment losses on trade receivables	**-**	(50)
	Write-down of inventories	**13,573**	10,317
	Operating lease charges in respect of property rentals	**7,680**	7,246
	Rentals receivable from investment properties less direct outgoings of $2,635,000 (2012: $2,290,000)	**(24,568)**	(25,099)

Note: Cost of inventories sold includes $182,308,000 (2012: $173,823,000) 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:

		2013	*2012*
	Note	**$'000**	$'000
Current tax – Hong Kong			
Provision for the year		**11,977**	11,869
Over-provision in respect of prior years		**(20)**	(9)
		11,957	11,860
Current tax – the People's Republic of China ("PRC")			
Provision for the year		**23,089**	13,281
Over-provision in respect of prior years		**(270)**	-
		22,819	13,281
Deferred tax			
Origination and reversal of temporary differences		**(635)**	3,498
	(i)	**34,141**	28,639

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 2013 is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the year, taking into account a one-off reduction of 75% of the tax payable for the year of assessment 2012-13 subject to a ceiling of $10,000 allowed by the Government of the Hong Kong Special Administrative Region for each business. Income tax for subsidiaries established and operating in the PRC is 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 a PRC subsidiary 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 (Qinhuangdao) Tinplate Industrial Co., Ltd., 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 2013 is calculated by applying the tax rate of 25% to the taxable profit for the current year. The provision for 2012 was calculated by applying the tax rate of 12.5%, being 50% of the transitional tax rate of 25%, to the taxable profit for the year ended 31 December 2012.

(iv) 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:

	2013	*2012*
	$'000	$'000
Interim dividend declared and paid of 2.0 cents (2012: 1.5 cents) per ordinary share	**18,146**	13,609
Final dividend proposed after the balance sheet date of 2.0 cents (2012: 1.5 cents) per ordinary share	**18,146**	13,609
	36,292	27,218

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

8. Dividends (Continued)

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

	2013	*2012*
	$'000	$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 1.5 cents (2012: 2.5 cents) per ordinary share	**13,609**	22,682

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 $173,880,000 (2012: $114,921,000) and the weighted average number of 907,293,000 (2012: 907,293,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $173,880,000 (2012: $114,921,000) and the weighted average number of ordinary shares (diluted) of 907,582,000 (2012: 907,620,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2013	*2012*
	'000	'000
Weighted average number of ordinary shares at 31 December	**907,293**	907,293
Effect of deemed issue of ordinary shares under the Company's share option schemes for nil consideration	**289**	327
Weighted average number of ordinary shares (diluted) at 31 December	**907,582**	907,620

10. Fixed Assets

(a) Acquisitions

During the year, the Group acquired items of property, plant and equipment with a total cost of $43,035,000 (2012: $22,506,000).

(b) Investment properties

Investment properties of the Group situated in Hong Kong with an aggregate value of $180,000,000 (2012: $139,031,000) were revalued at 31 December 2013 by an independent firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, who have among their staff members of 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 $201,147,000 (2012: $211,943,000) were revalued at 31 December 2013 by either an independent firm of surveyors, Vigers Appraisal and Consulting Limited, who have among their staff members of Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued, or 河北衡信資產評估有限公司, an independent firm of valuers registered in the PRC with recent experience in the location and category of property being valued.

Based on the valuations, a net gain of $45,846,000 (2012: $16,845,000), and deferred tax expense thereon of $1,219,000 (2012: $2,054,000), have been recognised in the consolidated income statement.

During the year, certain investment properties situated in the PRC with carrying amount of $22,962,000 (2012: $Nil) were 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 of use of these properties.

11. Inventories

Inventories in the consolidated balance sheet comprise:

	2013	*2012*
	$'000	$'000
Raw materials, spare parts and consumables	**215,759**	188,280
Work in progress	**9,712**	14,140
Finished goods	**192,635**	235,402
	418,106	437,822

12. Trade and other receivables, deposits and prepayments

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

	2013	*2012*
	$'000	$'000
Within 1 month	**616,337**	572,694
1 to 3 months	**6,282**	22,714
Over 3 months	**3,189**	1,844
	625,808	597,252

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

	2013	*2012*
	$'000	$'000
Deposits with banks	**72,990**	1,456
Cash at bank and in hand	**595,982**	469,761
Cash and cash equivalents in the consolidated balance sheet	**668,972**	471,217

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:

	2013	*2012*
	$'000	$'000
Due within 1 month or on demand	**114,185**	217,448
Due after 1 month but within 3 months	**192,012**	-
	306,197	217,448

15. Borrowings

		2013	*2012*
		$'000	$'000
(a)	**Bank loans**		
	- Unsecured (note (i))	**172,523**	209,492

At 31 December 2013, the bank loans were repayable as follows:

	2013	*2012*
	$'000	$'000
Within 1 year or on demand	**172,523**	49,492
After 1 year but within 2 years	**-**	160,000
	172,523	209,492

Notes:

(i) Included in unsecured bank loans is a loan of $160,000,000 (2012: $160,000,000) which is guaranteed by the Company and subject to fulfilment of certain loan covenants relating to certain of the Group's balance sheet 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. During the years ended 31 December 2013 and 2012, none of the covenants relating to the bank loan had been breached.

(ii) 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 (2012: $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 (2012: $Nil).

		2013	*2012*
		$'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% (2012: 3-month LIBOR + 1.5%) per annum and repayable within one year.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Dividend

An interim dividend of HK 2.0 cents per share (2012: HK 1.5 cents) was paid on 28 October 2013. The Board recommends the payment of a final dividend of HK 2.0 cents per share (2012: HK 1.5 cents) for the year ended 31 December 2013. The proposed final dividend, if approved at the 2014 Annual General Meeting ("AGM") of the Company, is expected to be paid on Tuesday, 24 June 2014 to the shareholders whose names appear on the register of members of the Company on Friday, 13 June 2014.

Closure of Register of Members

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

(i) from Tuesday, 3 June 2014 to Thursday, 5 June 2014 (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 Friday, 30 May 2014; and

(ii) from Wednesday, 11 June 2014 to Friday, 13 June 2014 (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 Tuesday, 10 June 2014.

Code on Corporate Governance Practices

In the opinion of the directors of the Company, the Company has complied with the code provisions and, where appropriate, the applicable recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 December 2013.

Review of Annual Results

The annual results of the Group for the year ended 31 December 2013 have been reviewed by the Company's Audit Committee.

Purchase, Sale and Redemption of Listed Securities

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

By Order of the Board
Tan Yunbiao
Chairman

Hong Kong, 27 March 2014

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.