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 2015

Financial highlights for the year ended 31 December

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

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$66,285,000 in 2015, representing a decrease of 54.3% compared with HK$144,895,000 in 2014. The basic earnings per share was HK 7.3 cents, representing a decrease of 54.4% from HK 16.0 cents in 2014.

Dividend

The Board of Directors of the Company (the "Board") recommends the payment of a final dividend of HK 1.0 cent per share for the year 2015. The abovementioned final dividend for 2015, subject to the approval by the shareholders of the Company at the annual general meeting, is expected to be paid on 27 June 2016.

Business Review

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

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

As to the fresh and live foodstuffs business, the price of live pigs in 2015 increased as compared to that in 2014, and hence the revenue and profit of the fresh and live foodstuffs business recorded an increase. However, avian flu still had impact on our distribution and sales of live poultry business, resulting in the suspension of the import of live poultry into Hong Kong for the whole year. Given the devoted efforts of our operation team and premium quality sources of goods from major suppliers, the Group actively maintained the market supply and the overall market share in the live pigs supply into Hong Kong remained at about 45%. This provided a relatively steady contribution to the earnings of the Group.

In respect of the property leasing business, the increase in the valuation of office units in Hong Kong slowed down in 2015 and net valuation gains on investment properties of HK$4,200,000 (2014: HK$37,910,000) were recorded by the Group.

For the associates, as a result of the sluggish demand of the major products, corn starch, of Yellow Dragon Food Industry Co., Ltd., sales price and sales volume of its products decreased during the year. However, as the purchase cost of raw materials remained at a high level, it turned from a profit in 2014 to a loss in 2015. On the other hand, the increase in the price of live pigs led to significant reduction in losses incurred by the associates, which are engaged in pig farming and sales of pigs, as compared to that in 2014.

Prospects

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

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

Tan Yunbiao
Chairman

Hong Kong, 24 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Tinplating

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

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

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

Tinplating (Continued)

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

Fresh and Live Foodstuffs

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

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

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

Property Leasing

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

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

Yellow Dragon

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

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

FINANCIAL POSITION

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

Liquidity and Financial Resources

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

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

As at 31 December 2015, the Group's gearing ratio, calculated by dividing the net borrowings (being borrowings less cash and cash equivalents) of the Group by total equity attributable to equity shareholders of the Company, was -26.5% (2014: -18.3%).

As at 31 December 2015, the Group's available banking facilities which are used for working capital and trade finance purposes, amounted to HK$494,237,000, of which HK$284,239,000 was utilised and HK$209,998,000 was unutilised. 54.9% of the Group's banking facilities was guaranteed by the Company. Currently, the cash reserves and available banking facilities, as well as the steady cash flow from operations, are sufficient to meet the Group's debt obligations and business operations.

Capital Expenditure and Capital Commitments

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

Acquisitions and Disposals of Investments

In February 2015, Hubei Jinxu issued new shares to a new investor. After the issuance, the Group's equity interest in Hubei Jinxu was diluted from 16.12% to 15.45%, which resulted in a gain on deemed disposal of interest in an associate of HK$1,314,000.

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

Pledge of Assets

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

Litigation

In 2013, a third party in Mainland China filed a claim against a subsidiary of the Group in the Court of Zhongshan City to recover an outstanding trade debt of approximately RMB2,060,000 (equivalent to HK$2,565,000) and a penalty of approximately RMB4,962,000 (equivalent to HK$6,178,000) for non-payment (collectively referred to as the "Claim"). According to the judgement made by the Court of Zhongshan City in May 2014, the subsidiary is required to repay the Claim. The subsidiary submitted an appeal in June 2014 to the High Court of Guangdong Province. According to the judgement of the High Court of Guangdong Province issued in April 2015, the appeal was repudiated and the subsidiary was ordered to repay the Claim and respective court charges of approximately RMB61,000 (equivalent to HK$76,000). Accordingly, a full provision was made during the current year, and the Claim and the respective court charges were fully paid in July 2015.

Contingent Liabilities

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

Exchange Rate and Interest Rate Exposures

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

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

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

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group had a total of 1,155 full-time employees, a decrease of 42 from the end of 2014. 192 employees were based in Hong Kong and 963 were based in Mainland China. Staff remuneration is determined in accordance with the duties, workload, skill requirements, hardship, working conditions and individual performance with reference to the prevailing industry practices. In 2015, the Group continued to implement controls over the headcount, organisation structure and total salaries of each subsidiary. The performance bonus incentive scheme for the management remained effective. Through performance assessment of each subsidiary, a performance bonus was accrued according to various profit rankings and with reference to net cash inflow from operations and profit after taxation. In addition, bonuses will be rewarded to the management, key personnel and outstanding staff through assessment of individual performance. These incentive schemes have effectively improved the morale of our staff members. The Company has also adopted share option schemes to encourage excellent participants to continue their contribution to the Group.

CONSOLIDATED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2015

The Board announces the consolidated results of the Group for the year ended 31 December 2015, which have been reviewed by the Company's Audit Committee.

Consolidated Income Statement
For the year ended 31 December 2015
(Expressed in Hong Kong dollars)

	Note	***2015*** **$'000**	*2014* $'000
Revenue	3	**2,478,661**	3,412,505
Cost of sales		**(2,231,322)**	(3,085,522)
Gross profit		**247,339**	326,983
Other revenue	4	**50,151**	35,897
Other net losses	5	**(34,883)**	(13,576)
Distribution costs		**(66,103)**	(81,854)
Administrative expenses		**(98,937)**	(107,707)
Other operating expenses		**(10,364)**	(488)
Profit from operations		**87,203**	159,255
Net valuation gains on investment properties	10(b)	**4,200**	37,910
Finance costs	6(a)	**(9,962)**	(9,569)
Share of profits less losses of associates		**(17,637)**	(5,483)
Profit before taxation	6	**63,804**	182,113
Income tax	7	**(9,302)**	(29,137)
Profit for the year		**54,502**	152,976
Attributable to:			
Equity shareholders of the Company		**66,285**	144,895
Non-controlling interests		**(11,783)**	8,081
Profit for the year		**54,502**	152,976
Dividends payable to equity shareholders of the Company attributable to the year:	8(a)		
Interim dividend declared and paid during the year		**18,152**	18,146
Final dividend proposed after the end of the reporting period		**9,076**	22,682
		27,228	40,828
Earnings per share			
Basic	9(a)	**7.3 cents**	16.0 cents
Diluted	9(b)	**7.3 cents**	16.0 cents

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2015
(Expressed in Hong Kong dollars)

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

Consolidated Statement of Financial Position
At 31 December 2015

(Expressed in Hong Kong dollars)

	Note	*2015*	*2014*
		$'000	$'000
Non-current assets			
Investment properties	10(b)	**392,061**	382,478
Other property, plant and equipment		**740,504**	752,059
Interests in leasehold land held for own use under operating leases		**111,029**	126,308
	10	**1,243,594**	1,260,845
Interest in associates		**255,596**	288,715
Deposits and prepayments		**4,732**	41,019
Deferred tax assets		**1,699**	1,831
		1,505,621	1,592,410
Current assets			
Inventories	11	**229,109**	419,301
Trade and other receivables, deposits and prepayments	12	**441,832**	592,037
Current tax recoverable		**4,114**	4,258
Cash and cash equivalents	13	**959,853**	1,070,798
		1,634,908	2,086,394
Current liabilities			
Trade and other payables	14	**236,295**	357,889
Bank loans	15(a)	**271,300**	149,344
Loans from a related company	15(b)	**71,760**	79,560
Current tax payable		**20,979**	39,270
		600,334	626,063
Net current assets		**1,034,574**	1,460,331
Total assets less current liabilities		**2,540,195**	3,052,741
Non-current liabilities			
Bank loans	15(a)	**-**	400,000
Deferred tax liabilities		**38,679**	45,301
		38,679	445,301
Net assets		**2,501,516**	2,607,440
Capital and reserves			
Share capital		**459,651**	459,066
Reserves		**1,870,601**	1,951,182
Total equity attributable to equity shareholders of the Company		**2,330,252**	2,410,248
Non-controlling interests		**171,264**	197,192
Total equity		**2,501,516**	2,607,440

Notes to the consolidated financial information

(Expressed in Hong Kong dollars, unless otherwise indicated)

1. Basis of preparation

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 2014 annual financial statements, except for the accounting policy changes that are reflected in the 2015 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The financial information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2015 in due course.

The Company's auditor has reported on those financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. Changes in accounting policies

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

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

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

3. Revenue 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 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. Revenue and segment reporting (Continued)

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

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

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

	2015	*2014*
	$'000	$'000
Profit		
Reportable segment profit derived from the Group's external customers and associates	**103,083**	164,229
Unallocated head office and corporate income and expenses	**(16,162)**	(15,429)
Net valuation gains on investment properties	**4,200**	37,910
Finance costs	**(9,962)**	(9,569)
Share of (loss)/profit of an associate not attributable to any segment	**(17,355)**	4,972
Consolidated profit before taxation	**63,804**	182,113

3. Revenue and segment reporting (Continued)

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

	2015	*2014*
	$'000	$'000
Assets		
Reportable segment assets	**2,946,609**	3,458,464
Interest in an associate not attributable to any segment	**189,200**	218,715
Unallocated head office and corporate assets	**4,720**	1,625
Consolidated total assets	**3,140,529**	3,678,804
Liabilities		
Reportable segment liabilities	**633,238**	1,061,935
Unallocated head office and corporate liabilities	**5,775**	9,429
Consolidated total liabilities	**639,013**	1,071,364

(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 investment properties, other property, plant and equipment, interests in leasehold land held for own use under operating leases, deposits and prepayments (non-current portion) and interest in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of operations, in the case of deposits and prepayments (non-current portion) and interest in associates.

	Revenue from external customers		***Specified non-current assets***	
	2015	*2014*	***2015***	*2014*
	$'000	$'000	**$'000**	*$'000*
Hong Kong (place of domicile)	**442,381**	405,245	**220,935**	216,869
Mainland China	**900,219**	1,357,581	**1,282,987**	1,373,710
Asian countries (excluding Mainland China and Hong Kong)	**739,202**	974,982	**-**	-
Other countries	**396,859**	674,697	**-**	-
	2,036,280	3,007,260	**1,282,987**	1,373,710
	2,478,661	3,412,505	**1,503,922**	1,590,579

4. Other revenue

	2015	*2014*
	$'000	$'000
Interest income	**41,050**	31,958
Subsidies received	**4,794**	1,114
Others	**4,307**	2,825
	50,151	35,897

5. Other net losses

	2015	*2014*
	$'000	$'000
Net realised and unrealised exchange loss	**(41,459)**	(7,027)
Net gains/(losses) on forward foreign exchange contracts	**5,443**	(4,785)
Loss on deemed acquisition of interest in an associate (note (i))	**-**	(946)
Gain on deemed disposal of interest in an associate (note (ii))	**1,314**	-
Net loss on disposal of property, plant and equipment	**(181)**	(818)
	(34,883)	(13,576)

Notes:

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

(ii) During the year ended 31 December 2015, Hubei Jinxu issued new shares to a new investor. After the issuance, the Group's equity interest in Hubei Jinxu was diluted from 16.12% to 15.45%, which resulted in a gain on deemed disposal of $1,314,000.

6. Profit before taxation

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

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

Note: Cost of inventories sold includes $192,347,000 (2014: $186,005,000) relating to staff costs, depreciation, amortisation and write-down of inventories, which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses.

7. Income tax in the consolidated income statement

Taxation in the consolidated income statement represents:

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

Notes:

(i) The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year, taking into account a reduction granted by the Government of the Hong Kong Special Administrative Region of 75% of the tax payable for the year of assessment 2014-15 subject to a maximum reduction of $20,000 for each business (2014: a maximum reduction of $10,000 was granted for the year of assessment 2013-14 and was taken into account in calculating the provision for 2014). Income tax for subsidiaries established and operating in the PRC is calculated using the estimated annual effective rate of 25% that is expected to be applicable in the relevant provinces or economic zones in the PRC.

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

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

8. Dividends

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

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

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

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

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

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

Weighted average number of ordinary shares

	2015	*2014*
	’000	’000
Issued ordinary shares at 1 January	**907,293**	907,293
Effect of share options exercised	**175**	-
Weighted average number of ordinary shares at 31 December	**907,468**	907,293

(b) Diluted earnings per share

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

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

(a) Acquisitions and transfers

During the year, the Group acquired items of property, plant and equipment with a total cost of $133,980,000 (2014: $103,893,000). Also, the Group transferred construction in progress with a carrying amount of $163,539,000 (2014: $87,553,000) to other property, plant and equipment upon completion.

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

During the year ended 31 December 2014, a certain portion of investment properties situated in the PRC with a carrying amount of $35,906,000 was transferred from investment properties to buildings held for own use and interests in leasehold land held for own use under operating leases due to a change in use.

(b) Investment properties

Investment properties of the Group situated in Hong Kong with an aggregate value of $220,500,000 (2014: $216,300,000) were revalued at 31 December 2015 by an independent firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. Investment properties of the Group situated in the PRC totalling $171,561,000 (2014: $166,178,000) were revalued at 31 December 2015 by an independent firm of surveyors, Vigers Appraisal and Consulting Limited, who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

Based on the valuations, a net gain of $4,200,000 (2014: $37,910,000), and deferred tax expense thereon of $773,000 (2014: deferred tax credit of $3,305,000), have been recognised in the consolidated income statement.

11. Inventories

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

12. Trade and other receivables, deposits and prepayments

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

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

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

13. Cash and cash equivalents

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

14. Trade and other payables

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

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

15. Borrowings

		2015	*2014*
		$'000	$'000
(a)	**Bank loans**		
	- Unsecured (note)	**271,300**	549,344

The bank loans were repayable as follows:

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

Note: Included in unsecured bank loans at 31 December 2015 was a loan of $271,300,000 (2014: $400,000,000) which was guaranteed by the Company. It is provided in the facility agreement for the unsecured bank loan of $271,300,000 (2014: $400,000,000) that if the immediate holding company, GDH Limited, ceases to maintain (i) a direct or indirect holding of 50% or more of the voting share capital of the Company or (ii) effective management control over the Company, then the lenders are entitled to request immediate repayment of these outstanding loans and all accrued interest.

Furthermore, the bank loan is subject to fulfilment of certain loan covenants relating to certain of the Group's statement of financial position and income statement ratios, as commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the amount would become repayable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2015 and 2014, none of the covenants relating to the bank loan had been breached.

	2015	*2014*
	$'000	$'000
(b) Loans from a related company	**71,760**	79,560

The loans were provided to a non-wholly owned subsidiary of the Group by a company related to the minority shareholder of this non-wholly owned subsidiary. The loans are unsecured, interest-bearing at 3-month London Interbank Offered Rate ("LIBOR") + 1.4% (2014: 3-month LIBOR + 1.5%) per annum and repayable within one year.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Dividend

An interim dividend of HK 2.0 cents per share (2014: HK 2.0 cents) was paid on 26 October 2015. The Board recommends the payment of a final dividend of HK 1.0 cent per share (2014: HK 2.5 cents) for the year ended 31 December 2015. The proposed final dividend, if approved at the 2016 Annual General Meeting ("AGM") of the Company, is expected to be paid on Monday, 27 June 2016 to the shareholders whose names appear on the register of members of the Company on Friday, 17 June 2016.

Closure of Register of Members

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

(i) from Monday, 6 June 2016 to Wednesday, 8 June 2016 (both days inclusive), for the purpose of determining shareholders' entitlement to attend and vote at the AGM, during which period no transfers of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 3 June 2016; and

(ii) from Wednesday, 15 June 2016 to Friday, 17 June 2016 (both days inclusive), for the purpose of determining shareholders' entitlement to the proposed final dividend, during which period no transfers of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at the address as set out in sub-paragraph (i) above not later than 4:30 p.m. on Tuesday, 14 June 2016.

Corporate Governance Code

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 2015 except for the following:

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

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

Corporate Governance Code (Continued)

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

Review of Annual Results

The annual results of the Group for the year ended 31 December 2015 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, 24 March 2016

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