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粵海廣南(集團)有限公司
GDH GUANGNAN (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 01203)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

Financial highlights for the year ended 31 December			
	2024	2023	
	HK\$'000	HK\$'000	Change
Revenue	<u>11,978,788</u>	<u>10,385,807</u>	15%
Profit from operations	<u>236,146</u>	<u>278,222</u>	-15%
Profit attributable to shareholders	<u>140,754</u>	<u>65,924</u>	114%
Earnings per share – Basic	<u>HK 15.51cents</u>	<u>HK 7.26 cents</u>	114%
Dividend per share			
Interim	HK 1.00 cent	HK 1.00 cent	
Proposed final	HK 2.50 cents	HK 2.00 cents	
	<u>HK 3.50 cents</u>	<u>HK 3.00 cents</u>	17%

CHAIRMAN’S STATEMENT

I hereby present to the shareholders that GDH Guangnan (Holdings) Limited (the “Company”) and its subsidiaries (the “Group”) recorded a consolidated revenue of HK\$11,979 million in 2024, representing an increase of HK\$1,593 million or 15% from HK\$10,386 million in 2023. Consolidated profit attributable to equity shareholders of the Company was HK\$141 million, representing an increase of 114% compared with HK\$66 million in 2023. The basic earnings per share was HK15.51 cents, representing an increase of 114% from HK7.26 cents in 2023.

The Board of Directors of the Company (the “Board”) recommends the payment of a final dividend of HK2.50 cents per share for the year 2024, increased by 25%. The abovementioned final dividend for 2024, subject to the approval by the shareholders of the Company at the annual general meeting, is expected to be paid on 18 July 2025.

Business Development

As for the fresh and live foodstuffs business, the Group will, standing on a new development stage to implement new development philosophy, accelerate the business layout in a bid to strengthen, enhance and expand the fresh and live foodstuffs business. Moreover, focusing on the “vegetable basket” market in the Guangdong-Hong Kong-Macao Greater Bay Area, the Group will focus on grasping the development opportunities of the food industry and further consolidate the development foundation of the slaughtering business. The Group will also invest in the construction of an integrated industrial chain operation platform of “livestock and poultry breeding — slaughter and processing — cold chain distribution — fresh marketing”, and explore the development in new sectors by shifting from the slaughtering business towards the sale of branded meat and entering into the field of food segmentation and processing to cultivate new profit growth points. The Group will also promote the separation of manufacturing and marketing, establish a multi-level sales channel system and explore new business models such as e-commerce and new food retail, so as to achieve leapfrog development in the entire chain of fresh food products. It will increase the investment in the digital transformation of business to optimise business processes, reduce operating costs, and create a food traceability system covering the whole chain. Guided by market demand and supported by scientific and technological innovation, the Group will accelerate the transformation of the development mode of the food segment, optimise the structural layout of the segment, and enhance the comprehensive production and service capabilities and core competitiveness of the fresh and live foodstuffs business.

For new investment and operation projects, in 2024, the Group entered into the cooperation agreement with 佛山市南海區夢里水鄉置業投資有限公司 (Foshan City Nanhai District Mengli Shuixiang Property Investment Co., Ltd.*) for the establishment of a project company, so as to invest in the construction and operation of a slaughterhouse in Lishui Town and aims to create a comprehensive modern agricultural enterprise integrating slaughtering, processing, cold chain distribution, and sales. Meanwhile, the Group continued to expand its retail terminal network in Hong Kong and diversify the category of vegetable and fruit products to further increase the scale of retail business and enhance the brand recognition of its products.

Regarding the associated companies of pig farming, the pig farming industry in Mainland China showed an overall improvement in 2024. Despite challenges posed by low prices and rising production costs at the beginning of the year, the industry’s profitability still recorded a significant improvement due to the shift in market supply and demand leading an increased swine price in the second quarter and the reduced breeding costs driven by declining feed prices and enhanced farming efficiency. As a result, one of the associated companies achieved a turnaround from losses to profits in 2024.

** The English translation of the Chinese names of the relevant entities and rules included in this announcement is prepared for identification purpose only. In the event of any inconsistency, the Chinese name shall prevail.*

Business Development (Continued)

In respect of the tinplating business, the Group adheres to the customer-oriented, innovation-driven development strategy, continues to enhance the core competitiveness of the Group's product in terms of quality, craftsmanship and technology, and builds itself into the most reliable tinplate supply chain service provider for customers. By benchmarking against industry practices and understanding the operation of customers, we can fully satisfy customer needs. While expanding domestic business scale, we intensify overseas market penetration by participating in exhibitions and conducting client visits to optimise production capacity utilisation. Adhering to the profit-oriented marketing strategy, we integrate resources to improve the utilisation rate of tinplate production capacity, analyse business trends, and optimise the business structure. By continuously paying attention to the market conditions, improving the ability to predict, and adjusting the pace of material procurement in a scientific manner, the negative impact of the fluctuation of commodity prices has also been effectively dealt with.

Prospects

Looking ahead into 2025, the global macroeconomic landscape is poised to undergo profound transformations. Economic development will be significantly affected by the trend of multipolarity in the international arena, the continued risk of geopolitical conflicts and the accelerated restructuring of the global supply chain. However, underpinned by structural reforms and innovation-driven strategy, the Chinese economy is projected to maintain resilient growth momentum, providing new opportunities and challenges for the Group's strategic development.

In the fresh and live foodstuffs business segment, the Group will focus on slaughtering as the core and extend the food industry chain, steadily progressing from slaughtering to becoming the national leader in fresh meat sales, advancing strategic reforms encompassing business model upgrades, segregation of production and sales, and supply chain digitalisation. We will increase the investment in research and development, optimise product mix, create product's brands, and raise the proportion of high value-added products. Concurrently, we will enhance our operational efficiency in an all-round way through accelerated digital transformation and the establishment of intelligent production systems. In the tinplating business, we will focus on market demand-driven technological innovation and research and development, leveraging product quality, technological strengths, and innovation to improve product competitiveness, stabilise business operations, and consolidate our market leadership..

In response to the complex and ever-changing market environment, the Group will implement the following strategic initiatives. In terms of innovation and expansion, we will explore new business models, study the transformation from slaughtering to meat product sales, build food brands, and cultivate new growth drivers. In terms of risk management, we will improve the comprehensive risk management system, strengthen compliance management, and enhance the modernisation of corporate governance. In terms of capital operations, we will timely carry out strategic investments and mergers and acquisitions, optimising the business layout through vertical integration and horizontal expansion along the industry chain. In terms of regional collaboration, we will deeply integrate into the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, and fully leverage regional policy advantages and industry cluster effects to enhance its market competitiveness.

Leveraging a strong financial structure and sufficient cash flow to provide assurance, the Group will focus on improving asset operation efficiency, optimising capital structure, and ensuring sustained and steady growth in operating performance, thereby creating continuous and stable investment returns for shareholders. At the same time, the Group will actively implement ESG principles, integrating sustainable development into corporate strategy. Through measures such as green production, energy-saving and emission reduction, we aim to achieve an unity of economic and social benefits, driving the high-quality development of the Company.

Last but not the least, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders for their support as well as our dedicated and hardworking management team and employees.

Yang Zhe

Acting Chairman and General Manager

Hong Kong, 21 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Fresh and Live Foodstuffs Business

In respect of our operation in Mainland China, benefiting from the layout of our Group's slaughtering business in the Greater Bay Area and in a bid to strengthen, enhance and expand the slaughtering business, the live pig slaughtering volume of the Group was exceeded 3 million heads in 2024, enabling the Group to rank among one of the top in terms of slaughtering volume in Guangdong Province. In addition, the Group's food wholesale and retail business in the mainland expand steadily.

In respect of our operation in Hong Kong, with an increased swine price, the sales volume of live pigs increased year-on-year and the overall market share in the live pigs supply into Hong Kong maintained at about 49%. Meanwhile, the Group expanded in the foodstuff wholesale and retail business and our retail stores have expanded up to 15 stores.

As a result of the aforesaid effort, the revenue and segment profit (excluding share of profits of associates) of the fresh and live foodstuffs business increased respectively by 22% to HK\$9,929 million and by 3% to HK\$210 million as compared to last year. As affected by an increased swine price in 2024, the performance of associated companies that engaged in pig farming and pig trading improved. Share of profits of the associates of the Group amounted to a total of HK\$24 million (2023: share of losses of HK\$104 million), a turnaround from losses to profits was noted. After addition of the share of profits of the associates, the segment profit of the fresh and live foodstuffs was HK\$234 million, increased by HK\$134 million or 133%, as compared to that in 2023.

Through continuous expansion strategy of the slaughtering business, and extension of the business chain which includes food processing, cold chain transportation and terminal network, they contributed extra earnings to the Group.

Tinplating

Currently, the Group's annual production capacity of tinplate products are 490,000 tonnes. In 2024, the intensified competition of the tinplating industry caused a drop in the selling price of our tinplate products as compared to last year and as a result of that, the segment of tinplating recorded a decrease in profit. The Group produced and sold about 290,000 tonnes of tinplate products, at the same level to that in 2023. The revenue was HK\$2,032 million, a decrease of HK\$219 million or 10% as compared to that in 2023. The revenue of the tinplating business accounted for 17% (2023: 22%) of the Group's revenue. The segment profit was HK\$38.51 million, a decrease of HK\$46.53 million or 55% as compared to that in 2023.

Due to the intensified market competition, the Group strengthens the supply chain management of raw material procurement, so as to effectively control procurement costs. Meanwhile, the Group strived to enhance product quality and enrich product mix to increase added values, which in return gains customers' recognition. The Group also strived to make every effort in market expansion to enlarge its customer base. Accordingly, profit growth would be attained by leveraging on such marketing strategies covering the whole value chain.

Property Leasing

The Group's leasing properties comprise the plant and dormitories in Mainland China and the office units in Hong Kong.

In 2024, the property occupancy rate for the property leasing business of the Group was 84%, representing a decrease of 3% as compared to that in 2023. Revenue was HK\$18.03 million, a decrease of 10% as compared to that in 2023. The segment profit amounted to HK\$8.11 million, a decrease of 18% as compared to that in 2023. In addition, the value of investment properties held by the Group decreased. Valuation losses on investment properties of HK\$13.38 million (2023: valuation losses of HK\$3.47 million) was recognised in this year.

Yellow Dragon

The liquidation of Yellow Dragon Food Industry Co., Ltd. ("Yellow Dragon") was completed in June 2024 and a gain from liquidation of an associate of HK\$30.11 million was recognised during the year.

FINANCIAL POSITION

As at 31 December 2024, the Group's total assets and total liabilities amounted to HK\$4,938 million and HK\$2,081 million, representing an increase of HK\$149 million and HK\$88 million respectively when compared with the positions at 31 December 2023. Net current assets increased from HK\$1,205 million at 31 December 2023 to HK\$1,287 million at 31 December 2024. The current ratio (current assets divided by current liabilities) decreased from 1.88 at 31 December 2023 to 1.84 at 31 December 2024.

Liquidity and Financial Resources

The Group's cash and cash equivalents as at 31 December 2024 was HK\$955 million, representing a decrease of 8% when compared with the position at 31 December 2023, of which 79.1% was denominated in Renminbi, 2.2% was denominated in United States Dollars while the remaining balance was mainly denominated in Hong Kong Dollars. Interest income decreased from HK\$13.64 million in 2023 to HK\$7.63 million in 2024.

As at 31 December 2024, the Group's gearing ratio, calculated by dividing the net borrowings (being borrowings less pledged deposits and cash and cash equivalents) by total equity attributable to equity shareholders of the Company, was 0.6% (31 December 2023: net cash position).

As at 31 December 2024, the Group's available banking facilities which are used for working capital and trade finance purposes amounted to HK\$2,746 million, of which HK\$813 million was utilised and HK\$1,933 million was unutilised. Currently, the cash reserves and available banking facilities, as well as the steady cash flow generated from operations, are sufficient to meet the Group's needs and obligations for business operations.

Capital Expenditure and Capital Commitments

The Group's capital expenditure in 2024 amounted to HK\$54.37 million (2023: HK\$261 million). Capital commitments outstanding at 31 December 2024 not provided for in the consolidated financial statements amounted to HK\$381 million (2023: HK\$37.14 million), mainly for the construction project of a slaughterhouse in Lishui Town and the renovation of production equipment of tinplating business. It is expected that the capital expenditure for 2025 will be approximately HK\$302 million.

Acquisitions of Investments

On 27 December 2024, GDH Food (Foshan) Co., Ltd. (“GDH Food Foshan”), being a subsidiary of the Company, entered into an agreement with Foshan City Nanhai District Mengli Shuixiang Property Investment Co., Ltd. for the establishment of a project company named GDH Lishui Food (Foshan) Co., Ltd. (“GDH Lishui Food”). It’s registered capital of RMB90 million shall be contributed by GDH Food Foshan as to 65%. GDH Lishui Food will develop, construct and operate a slaughterhouse in Lishui Town, Nanhai District, Foshan City.

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

Pledge of Assets

As at 31 December 2024, deposits at bank of HK\$9.37 million (2023: HK\$9.58 million) were pledged as securities for bills payable.

As at 31 December 2024, banking facilities amounting to HK\$281 million (2023: HK\$761 million) were secured by mortgages over land and buildings with an aggregate carrying value of HK\$160 million (2023: HK\$489 million). Other than the above, none of the assets of the Group was pledged.

Contingent Liabilities

As at 31 December 2024, the Group had no material contingent liabilities.

Exchange Rate and Interest Rate Exposures

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

In view of the continuous fluctuation of Renminbi against the United States Dollars, the Group has enhanced research and monitoring of the foreign exchange market in order to reduce the exposure to exchange rate risks, and will take appropriate measures to hedge the risks when necessary. As at 31 December 2024, no forward foreign exchange contract against Renminbi were held by the Group to hedge against currency risk in respect of export sales. As at 31 December 2023, a forward foreign exchange contract of USD0.50 million (equivalent to HK\$3.9 million) against Renminbi were held by the Group.

The Group’s interest rate risk arises primarily from pledged deposits, cash and cash equivalents, bank loans, loans from a fellow subsidiary, lease liabilities and financial liabilities at amortised cost. Lendings and borrowings issued 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 that its current exposure to interest rate risk is not material, no interest rate hedging has been carried out. The management closely monitors the changes in market interest rates.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had a total of 1,503 full-time employees, a decrease of 17 employees as compared to that of as at 31 December 2023. 301 employees were based in Hong Kong and 1,202 employees were based in Mainland China. Staff remuneration is determined in accordance with the duties, workload, skill requirements, hardship, working conditions and individual performance and with reference to the prevailing industry practices. In 2024, the Group continued to implement control over the headcount, organisational structure and total salaries of each subsidiary. The performance bonus incentive scheme for the management is in place for accruing performance bonus according to various profit rankings and with reference to net cash inflow from operations and profit after taxation based on the assessment of the operating results of each subsidiary. In addition, bonuses are rewarded to the management and key personnel through assessment of individual performance. These incentive schemes have effectively improved the morale of the staff members.

CONSOLIDATED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2024

The Board announces the consolidated results of the Group for the year ended 31 December 2024, which have been reviewed by the Company's Audit Committee.

Consolidated Statement of Profit or Loss For the year ended 31 December 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
Revenue	3	11,978,788	10,385,807
Cost of sales		(11,469,779)	(9,816,815)
Gross profit		509,009	568,992
Other revenue	4	44,121	39,996
Other net gains	5	34,845	1,360
Selling and distribution costs		(36,108)	(40,500)
Administrative expenses		(236,542)	(204,354)
Other operating expenses		(79,179)	(87,272)
Profit from operations		236,146	278,222
Valuation losses on investment properties	10	(13,378)	(3,472)
Finance costs	6(a)	(30,704)	(26,324)
Share of profit / (loss) of a joint venture		129	(50)
Share of profits / (losses) of associates		24,683	(127,053)
Reversal of impairment loss on interest in an associate		-	23,764
Profit before taxation	6	216,876	145,087
Income tax	7	(45,854)	(52,310)
Profit for the year		171,022	92,777
Attributable to:			
Equity shareholders of the Company		140,754	65,924
Non-controlling interests		30,268	26,853
Profit for the year		171,022	92,777
Dividends payable to equity shareholders of the	8(a)		
Interim dividend declared and paid during the year		9,076	9,076
Final dividend proposed after the end of the reporting		22,690	18,152
		31,766	27,228
Earnings per share			
Basic	9(a)	15.51 cents	7.26 cents
Diluted	9(b)	15.51 cents	7.26 cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2024

(Expressed in Hong Kong dollars)

	2024	2023
	\$'000	\$'000
Profit for the year	171,022	92,777
Other comprehensive income for the year:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of:		
- subsidiaries outside Hong Kong	(48,629)	(41,280)
- associates outside Hong Kong	(3,651)	(4,312)
- joint venture outside Hong Kong	(238)	190
- tax expense related to a subsidiary outside Hong Kong	(456)	(278)
Net-of-tax amount	(52,974)	(45,680)
Total comprehensive income for the year	118,048	47,097
Attributable to:		
Equity shareholders of the Company	91,106	23,349
Non-controlling interests	26,942	23,748
Total comprehensive income for the year	118,048	47,097

Consolidated Statement of Financial Position

At 31 December 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
Non-current assets			
Property, plant and equipment		1,692,000	1,730,678
Investment properties	10	<u>187,935</u>	<u>238,160</u>
		1,879,935	1,968,838
Goodwill		84,576	85,904
Interest in a joint venture		10,877	10,986
Interests in associates		<u>150,187</u>	<u>153,609</u>
		2,125,575	2,219,337
Current assets			
Inventories	11	423,268	486,328
Trade and other receivables, deposits and prepayments	12	1,425,286	1,037,833
Pledged deposits		9,374	9,575
Cash and cash equivalents	13	<u>954,811</u>	<u>1,035,928</u>
		2,812,739	2,569,664
Current liabilities			
Trade and other payables	14	965,741	943,661
Bank loans	15	327,356	375,383
Loans from a fellow subsidiary		189,295	20,177
Lease liabilities		14,296	8,662
Current tax payable		14,696	16,926
Financial liability at amortised cost		<u>14,645</u>	<u>-</u>
		1,526,029	1,364,809
Net current assets		1,286,710	1,204,855
Total assets less current liabilities		3,412,285	3,424,192
Non-current liabilities			
Bank loans	15	159,232	358,225
Loans from a fellow subsidiary		304,429	169,363
Deferred revenue		12,382	7,606
Financial liability at amortised cost		-	14,299
Lease liabilities		12,447	7,838
Deferred tax liabilities		65,360	71,216
Provision for long service payments		<u>1,599</u>	<u>-</u>
		555,449	628,547
Net assets		2,856,836	2,795,645
Capital and reserves			
Share capital		459,651	459,651
Reserves		<u>2,133,100</u>	<u>2,110,363</u>
Total equity attributable to equity shareholders of the Company		2,592,751	2,570,014
Non-controlling interests		<u>264,085</u>	<u>225,631</u>
Total equity		2,856,836	2,795,645

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") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This financial information has been prepared on a basis consistent with the accounting policies and methods adopted in the 2023 annual financial statements, except for the accounting policy changes that are reflected in the 2024 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 2024 and 2023 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 2023 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 2024 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

(i) New and amended HKFRSs

The Group has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("2020 amendments") and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("2022 amendments")
- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended HKFRSs are discussed below:

Amendments to HKAS 1, *Presentation of financial statements* (the 2020 and 2022 amendments, collectively the “HKAS 1 amendments”)

The HKAS 1 amendments impact the classification of a liability as current or non-current, and have been applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions.

Upon the adoption of the amendments, the Group has reassessed the classification of its liabilities as current or non-current and did not identify any reclassification to be made.

Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.

Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: disclosures – Supplier finance arrangements*

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity’s liabilities, cash flows and exposure to liquidity risk. The amendments do not have a material impact on these financial statements as the Group has not entered into any supplier finance arrangements.

3. Revenue and segment reporting

(a) Revenue

The principal activities of the Group are distribution and trading of fresh and live foodstuffs, provision of slaughtering service, manufacturing and sales of tinsplate products and property leasing. Further details regarding the Group's principal activities are disclosed in note 3(b).

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2024 \$'000	2023 \$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines:		
Sales of goods		
- Fresh and live foodstuffs	9,753,423	7,933,711
- Tinsplate products	<u>2,031,751</u>	<u>2,250,537</u>
	11,785,174	10,184,248
Commission income from the distribution of fresh and live foodstuffs		
	75,925	81,566
Slaughtering service income	<u>99,662</u>	<u>100,071</u>
	11,960,761	10,365,885
Revenue from other sources		
Rental income from property leasing	<u>18,027</u>	<u>19,922</u>
	11,978,788	10,385,807

Disaggregation of revenue from contracts with customers by geographic location is disclosed in note 3(b)(iii).

The Group's customer base is diversified and includes no (2023: none) customer with whom transactions have exceeded 10% of the Group's revenue.

3. Revenue and segment reporting (Continued)

(b) Segment reporting

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

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

(i) Segment results, assets and liabilities

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

- Segment profit includes revenue and expenses that are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment profit includes the Group's share of results arising from the activities of the Group's associates.
- Segment assets include all tangible, intangible assets and current assets with the exception of interest in a joint venture and 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.

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.

3. Revenue and segment reporting (Continued)

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

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

	<i>Fresh and live foodstuffs</i>		<i>Tinplating</i>		<i>Property leasing</i>		<i>Total</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Reportable segment revenue	9,929,010	8,115,348	2,031,751	2,250,537	18,027	19,922	11,978,788	10,385,807
Reportable segment profit (including share of profits/(losses) of associates)	234,035	100,369	38,507	85,032	8,112	9,844	280,654	195,245
Share of profits/(losses) of associates	23,995	(103,741)	-	-	-	-	23,995	(103,741)
Reportable segment assets (including interests in associates)	2,417,392	2,148,107	1,852,465	1,868,744	193,330	263,690	4,463,187	4,280,541
Interests in associates	150,187	129,860	-	-	-	-	150,187	129,860
Reportable segment liabilities	1,172,908	1,135,399	730,962	639,096	37,026	39,673	1,940,896	1,814,168
Depreciation for the year	61,859	49,874	54,554	55,197	312	331	116,725	105,402
Interest income	3,422	2,746	2,984	6,591	-	-	6,406	9,337
Write-down/(reversal of write-down) of inventories	-	-	7,421	(6,705)	-	-	7,421	(6,705)
Expected credit loss recognised on trade receivables	7,070	-	-	-	-	-	7,070	-
Additions to non-current segment assets during the year (Note)	65,171	260,276	16,231	18,859	-	-	81,402	279,135

Note: The amount includes additions in related to the acquisition of a subsidiary of \$5,137,000 (2023: acquisition of a subsidiary of \$257,000) during the year.

3. Revenue and segment reporting (Continued)

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

	2024 \$'000	2023 \$'000
Profit		
Reportable segment profit derived from the Group's external customers and associates	280,654	195,245
Unallocated income and expenses	(50,707)	(20,687)
Valuation losses on investment properties	(13,378)	(3,472)
Net fair value gain / (loss) on derivative financial instruments	84	(77)
Finance costs	(30,704)	(26,324)
Share of profit / (loss) of a joint venture not attributable to any segment	129	(50)
Share of profit / (loss) of an associate not attributable to any segment	688	(23,312)
Reversal of impairment loss on interest in an associate not attributable to any segment	-	23,764
Gains from liquidation of an associate not attributable to any segment	30,110	-
Consolidated profit before taxation	<u>216,876</u>	<u>145,087</u>
Assets		
Reportable segment assets	4,463,187	4,280,541
Interest in a joint venture not attributable to any segment	10,877	10,986
Interest in an associate not attributable to any segment	-	23,749
Unallocated assets	464,250	473,725
Consolidated total assets	<u>4,938,314</u>	<u>4,789,001</u>
Liabilities		
Reportable segment liabilities	1,940,896	1,814,168
Unallocated liabilities	140,582	179,188
Consolidated total liabilities	<u>2,081,478</u>	<u>1,993,356</u>

3. Revenue and segment reporting (Continued)

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment properties, property, plant and equipment, interest in a joint venture and interests 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), interests in associates and interest in a joint venture.

	<i>Revenue from external customers</i>		<i>Specified non-current assets</i>	
	<i>2024</i> \$'000	<i>2023</i> \$'000	<i>2024</i> \$'000	<i>2023</i> \$'000
Hong Kong (place of domicile)	1,114,387	809,087	406,225	371,733
Mainland China	10,365,267	9,064,873	1,634,774	1,761,700
Asian countries (excluding Mainland China and Hong Kong)	317,495	297,588	-	-
Other countries	181,639	214,259	-	-
	10,864,401	9,576,720	1,634,774	1,761,700
	11,978,788	10,385,807	2,040,999	2,133,433

The analysis above includes property rental income from external customers in Hong Kong and in Mainland China of \$832,000 (2023: \$1,963,000) and \$17,195,000 (2023: \$17,959,000) respectively.

- (iv) The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to all its contracts such that no information regarding revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date is disclosed because either the remaining performance obligation is part of a contract that has an original expected duration of one year or less or the Group recognises revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the Group's performance completed to date.

4. Other revenue

	2024 \$'000	2023 \$'000
Interest income on financial assets measured at amortised cost	7,632	13,639
Government grants and subsidies received	27,317	15,335
Others	9,172	11,022
	<u>44,121</u>	<u>39,996</u>

5. Other net gains

	2024 \$'000	2023 \$'000
Net realised and unrealised exchange gain	10,883	2,800
Net losses on forward foreign exchange contracts	(3)	(262)
Net gain / (loss) on disposal of property, plant and equipment	1,484	(136)
Net loss on write-off of property, plant and equipment	(1,307)	(965)
Expected credit loss recognised on trade receivables	(7,070)	-
Net fair value gain / (loss) on derivative financial instruments	84	(77)
Gain from liquidation of an associate	30,110	-
Others	664	-
	<u>34,845</u>	<u>1,360</u>

6. Profit before taxation

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

	2024 \$'000	2023 \$'000
<i>(a) Finance costs</i>		
Interest on bank loans	20,358	32,707
Interest on loans from a fellow subsidiary	10,556	4,774
Interest on lease liabilities	926	498
Interest on financial liability at amortised cost	346	338
Total interest expense on financial liabilities at amortised cost	32,186	38,317
Less: interest expense capitalised into construction in progress*	(1,482)	(11,993)
	<u>30,704</u>	<u>26,324</u>

* The borrowing costs have been capitalised at a rate of 2.45% - 5.69% (2023: 3.00% - 6.34%) per annum.

6. Profit before taxation (Continued)

	2024	2023
	\$'000	\$'000
<i>(b) Staff costs</i>		
Contributions to defined contribution retirement plans	25,836	24,269
Salaries, wages and other benefits	<u>313,152</u>	<u>285,401</u>
	<u>338,988</u>	<u>309,670</u>
<i>(c) Other items</i>		
Cost of inventories sold (Note (i))	11,440,573	9,787,296
Auditors' remuneration	3,900	4,115
Depreciation charge		
- Owned property, plant and equipment	102,968	93,505
- Right-of-use assets	23,147	17,828
Variable lease payments not included in the measurement of lease liabilities	3,682	3,520
Research and development costs	79,179	87,272
Rental income from investment properties less direct outgoings of \$1,506,000 (2023: \$1,553,000)	<u>(16,521)</u>	<u>(18,369)</u>

Note:

- (i) Cost of inventories sold includes \$198,893,000 (2023: \$187,574,000) relating to staff costs, depreciation expense and write down / reversal of 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 statement of profit or loss

Taxation in the consolidated statement of profit or loss represents:

	Note	2024 \$'000	2023 \$'000
Current tax – Hong Kong			
Provision for the year		6,309	3,229
Under-provision in respect of prior years		<u>1,437</u>	<u>108</u>
		<u>7,746</u>	<u>3,337</u>
Current tax – PRC			
Provision for the year		45,970	48,815
(Over)/under-provision in respect of prior years		<u>(1,205)</u>	<u>675</u>
		<u>44,765</u>	<u>49,490</u>
Deferred tax			
Origination and reversal of temporary differences		<u>(6,657)</u>	<u>(517)</u>
	(i)	<u>45,854</u>	<u>52,310</u>

Notes:

- (i) The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first \$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023.

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 PRC, except for two subsidiaries that is entitled to tax incentive as a new and high technology enterprise, enjoys 15% annual effective tax rate.

- (ii) Dividends declared by the PRC subsidiaries and associates to investors incorporated in Hong Kong are subject to a withholding tax at 5%.

8. Dividends

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

	2024 \$'000	2023 \$'000
Interim dividend declared and paid of 1.0 cent (2023: 1.0 cent) per ordinary share	9,076	9,076
Final dividend proposed after the end of the reporting period of 2.5 cents (2023: 2.0 cents) per ordinary share	<u>22,690</u>	<u>18,152</u>
	<u>31,766</u>	<u>27,228</u>

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:*

	2024 \$'000	2023 \$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 2.0 cents (2023: 2.0 cents) per ordinary share	<u>18,152</u>	<u>18,152</u>

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 \$140,754,000 (2023: \$65,924,000) and 907,593,000 (2023: 907,593,000) ordinary shares in issue during the year.

(b) *Diluted earnings per share*

There were no potential dilutive shares in existence during the years ended 31 December 2024 and 2023.

10. Investment properties

Investment properties of the Group situated in Hong Kong with an aggregate value of \$33,200,000 (2023: \$69,400,000) were revalued at 31 December 2024 by an independent firm of surveyors, Jones Lang LaSalle Limited (31 December 2023: RHL Appraisal 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 \$154,735,000 (2023: \$168,760,000) were revalued at 31 December 2024 by an independent firm of surveyors, Jones Lang LaSalle Limited (31 December 2023: RHL Appraisal 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. During the year, the Group transferred from investment properties to property, plant equipment amounted to \$33,400,000 (31 December 2023: \$28,800,000) at fair value upon change in use. The chief financial officer has discussions with the surveyors about the valuation assumptions and valuation results when valuations are performed at each interim and annual report date.

Based on the revaluations, valuation losses of \$13,378,000 (2023: valuation losses of \$3,472,000) have been recognised in the consolidated statement of profit or loss.

11. Inventories

	<i>2024</i>	<i>2023</i>
	\$'000	\$'000
Raw materials, spare parts and consumables	245,027	213,166
Work in progress	33,421	46,641
Finished goods	144,820	226,521
	<u>423,268</u>	<u>486,328</u>

12. Trade and other receivables, deposits and prepayments

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable, based on the past due date and net of loss allowance, is as follows:

	<i>2024</i>	<i>2023</i>
	\$'000	\$'000
Current or less than 1 month past due	816,772	685,083
1 to 3 months past due	7,032	1,655
Over 3 months to 1 year past due	46,211	4,028
Over 1 year past due	5,319	347
	<u>875,334</u>	<u>691,113</u>
Less: Expected credit loss	<u>(7,070)</u>	<u>-</u>
	<u>868,264</u>	<u>691,113</u>

12. Trade and other receivables, deposits and prepayments (Continued)

In respect of trade receivables relating to the tinplating business, deposits, prepayments and bills or letters of credit are normally obtained from customers. Credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables are usually due within 1 to 3 months from the date of billing or the date of receipt of goods by the customers. For the foodstuffs trading business and slaughtering business, the credit period usually ranges from 1 to 3 months. For the distribution of fresh and live foodstuffs, 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

	<i>2024</i>	<i>2023</i>
	\$'000	\$'000
Deposits with banks	238,620	170,490
Cash at bank and on hand	716,191	865,438
Cash and cash equivalents in the consolidated statement of financial position	954,811	1,035,928

14. Trade and other payables

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables) is as follows:

	<i>2024</i>	<i>2023</i>
	\$'000	\$'000
Due within 1 month or on demand	562,550	477,833
Due after 1 month but within 3 months	-	23,703
	562,550	501,536

15. Bank loans

As at 31 December 2024, the Group's available banking facilities amounted to \$2,746,420,000 (2023: \$3,308,374,000), of which \$812,853,000 (2023: \$1,164,667,000) was utilised with drawdowns amounted to \$486,588,000 (2023: \$733,608,000). Certain portion of the banking facilities was secured by deposits. The banking facilities include \$280,774,000 (2023: \$761,415,000) which were secured by mortgages over land and buildings with an aggregate carrying value of \$160,456,000 (2023: \$488,717,000). Part of the unsecured bank loans amounted to \$120,000,000 (31 December 2023: \$270,000,000) were provided in the facility agreements that the Company undertakes to the banks that it shall remain ultimately majority-owned (directly and/or indirectly) by Guangdong Holdings Limited and remain majority-owned (directly and/or indirectly) by GDH Limited. If the Company fails to perform any of its obligations under the facility agreements, then the lenders were entitled to request immediate repayment of these outstanding loans and all accrued interests.

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2024, none of the covenants of the facilities had been breached.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 C1 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 2024.

Review of Annual Results

The annual results of the Group for the year ended 31 December 2024 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.

Annual General Meeting

The 2025 Annual General Meeting of the Company (“AGM”) will be held on Monday, 16 June 2025 at 11:00 a.m. For the purpose of determining shareholders’ eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 11 June 2025 to Monday, 16 June 2025 (both days inclusive), 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 Tuesday, 10 June 2025.

Entitlement for Final Dividend

An interim dividend of HK1.0 cent (2023: HK1.0 cent) per share was paid on 25 October 2024. The Board recommends the payment of a final dividend of HK2.5 cents (2023: HK2.0 cents) per share for the year ended 31 December 2024. The proposed final dividend, if approved at the AGM, is expected to be paid on Friday, 18 July 2025 to the shareholders whose names appear on the register of members of the Company on Friday, 27 June 2025.

For the purpose of determining shareholders’ entitlements to the proposed final dividend for the year ended 31 December 2024, the register of members will be closed from Thursday, 26 June 2025 to Friday, 27 June 2025 (both days inclusive) and no transfers of shares will be registered on that period. 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 above not later than 4:30 p.m. on Wednesday, 25 June 2025.

Publication of Annual Results Announcement and Annual Report

This annual results announcement is published on both the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.gdguangnan.com. The annual report of the Company for the year containing all information required by the Listing Rules will be despatched to the shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board

Yang Zhe

Acting Chairman and General Manager

Hong Kong, 21 March 2025

As at the date of this announcement, the Board is composed of two executive Directors, namely Mr. Yang Zhe and Mr. Chau Wang Kei; two Non-Executive Directors, namely Mr. Wang Longhai and Ms. Yu Huijuan; and three independent non-executive Directors, namely Mr. Gerard Joseph McMahon, Mr. Li Kar Keung, Caspar and Dr. Wong Yau Kar, David.