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## GREAT CHINA HOLDINGS LIMITED

### 大中華集團有限公司

*(Incorporated in Hong Kong with limited liabilities)*

(Stock code: 141)

## ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The board of directors (the “Board”) of Great China Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2014 together with the corresponding comparative figures of last year. The Group’s audited consolidated financial statements for the year ended 31 December 2014 have been reviewed by the Audit Committee of the Company.

### CONSOLIDATED INCOME STATEMENT

*For the year ended 31 December 2014*

	<i>Notes</i>	<b>2014</b> <i>HK\$’000</i>	2013 <i>HK\$’000</i>
<b>Revenue</b>	2	<b>1,336,486</b>	1,523,808
Cost of sales		<u>(1,217,255)</u>	<u>(1,433,906)</u>
<b>Gross profit</b>		<b>119,231</b>	89,902
Other income	4	<b>25,977</b>	37,756
Distribution costs		<b>(23,794)</b>	(25,937)
Administrative expenses		<b>(48,433)</b>	(39,476)
Increase in fair value of investment properties		<b>61,071</b>	3,176
Change in fair value of financial assets at fair value through profit or loss		<b>9,360</b>	(6,279)
Change in fair value of derivative financial instruments		<b>(2,490)</b>	6,760
Other operating income	6	<b>48,159</b>	5
Finance costs	5	<u>(2,705)</u>	<u>(7,290)</u>
<b>Profit before income tax</b>	6	<b>186,376</b>	58,617
Income tax expense	7	<u>(12,973)</u>	<u>(2,916)</u>
<b>Profit for the year attributable to owners of the Company</b>		<u><b>173,403</b></u>	<u>55,701</u>
		<b>HK cents</b>	<b>HK cents</b>
<b>Earnings per share</b>	8		
— Basic and diluted		<u><b>66.26</b></u>	<u>21.29</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***For the year ended 31 December 2014*

	<i>Notes</i>	<b>2014</b> <b>HK\$'000</b>	2013 <i>HK\$'000</i>
<b>Profit for the year</b>		<b>173,403</b>	55,701
<b>Other comprehensive income, after tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising from translation of foreign operations		<b>(13,911)</b>	14,428
Increase in fair value of available-for-sale financial assets		<b>50</b>	120
Other comprehensive income for the year, net of tax		<b>(13,861)</b>	14,548
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b><u>159,542</u></b>	<b><u>70,249</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	At 31 December 2014	At 31 December 2013
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>		
Investment properties	1,022,169	972,262
Property, plant and equipment	48,011	50,227
Prepaid lease payments for land	263	267
Available-for-sale financial assets	12,397	11,202
Restricted bank deposit	—	17,265
Deferred tax assets	93	161
	<hr/>	<hr/>
	1,082,933	1,051,384
<b>Current assets</b>		
Properties held for sale	19,408	20,104
Inventories	63,353	32,234
Prepaid lease payments for land	4	4
Trade and other receivables, prepayments and deposits	151,205	286,761
Financial assets at fair value through profit or loss	163,044	99,209
Tax recoverable	426	117
Derivative financial assets	38	4,957
Restricted bank deposit	16,841	—
Structured bank deposits	237,025	282,637
Bank balances and cash	244,579	202,253
	<hr/>	<hr/>
	895,923	928,276

		At 31 December 2014	At 31 December 2013
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current liabilities</b>			
Trade and bills payables	<i>11</i>	<b>73,192</b>	186,781
Other payables and accrued expenses		<b>43,469</b>	94,442
Rental deposits received		<b>1,237</b>	2,323
Borrowings		<b>77,831</b>	34,650
Tax payable		<b>3,322</b>	769
		<u><b>199,051</b></u>	<u>318,965</u>
<b>Net current assets</b>		<u><b>696,872</b></u>	<u>609,311</u>
<b>Total assets less current liabilities</b>		<u><b>1,779,805</b></u>	<u>1,660,695</u>
<b>Non-current liabilities</b>			
Rental deposits received		<b>7,873</b>	7,053
Borrowings		<b>114,281</b>	136,409
Deferred tax liabilities		<b>63,163</b>	56,119
		<u><b>185,317</b></u>	<u>199,581</u>
<b>Net assets</b>		<u><b>1,594,488</b></u>	<u>1,461,114</u>
<b>Capital and reserves</b>			
Share capital		<b>71,853</b>	52,337
Reserves		<b>1,522,635</b>	1,408,777
<b>Total equity</b>		<u><b>1,594,488</b></u>	<u>1,461,114</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Properties revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2013	52,337	19,516	125,305	495	870	1,218,510	1,417,033
Profit for the year	—	—	—	—	—	55,701	55,701
Exchange difference arising from translation of foreign operations	—	—	14,428	—	—	—	14,428
Increase in fair value of available-for- sale financial assets	—	—	—	—	120	—	120
Other comprehensive income for the year	—	—	14,428	—	120	—	14,548
Total comprehensive income for the year	—	—	14,428	—	120	55,701	70,249
Transactions with owners: 2012 final dividend paid ( <i>note 9</i> )	—	—	—	—	—	(26,168)	(26,168)
At 31 December 2013 and 1 January 2014	52,337	19,516	139,733	495	990	1,248,043	1,461,114
Profit for the year	—	—	—	—	—	173,403	173,403
Exchange difference arising from translation of foreign operations	—	—	(13,911)	—	—	—	(13,911)
Increase in fair value of available-for- sale financial assets	—	—	—	—	50	—	50
Other comprehensive income for the year	—	—	(13,911)	—	50	—	(13,861)
Total comprehensive income for the year	—	—	(13,911)	—	50	173,403	159,542
Transfer between reserves: Transfer upon the abolition of nominal value of shares on 3 March 2014	19,516	(19,516)	—	—	—	—	—
Transactions with owners: 2013 final dividends paid ( <i>note 9</i> )	—	—	—	—	—	(26,168)	(26,168)
<b>At 31 December 2014</b>	<b>71,853</b>	<b>—</b>	<b>125,822</b>	<b>495</b>	<b>1,040</b>	<b>1,395,278</b>	<b>1,594,488</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 1. ADOPTION OF NEW OR REVISED HKFRSs

### 1.1 Adoption of new or revised HKFRSs — effective 1 January 2014

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets

#### *Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities*

The amendments to HKAS 32 clarify the meaning of “currently has a legally enforceable right to set off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

#### *Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets*

The amendments to HKAS 36 remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments have had no impact on the financial position or performance of the Group.

### 1.2 New or revised HKFRSs that have been issued but not yet effective

The following new/revised HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 1	Disclosure Initiative <sup>3</sup>
HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle <sup>2</sup>
HKFRSs (Amendments)	Annual Improvements 2011–2013 Cycle <sup>1</sup>
HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle <sup>3</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>3</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>3</sup>
HKFRS 9 (2014)	Financial Instruments <sup>5</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>2</sup> Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2018

### *Amendments to HKAS 1 – Disclosure Initiative*

The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

### *Amendments to HKAS 16 and HKAS 38 — Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

### *Amendments to HKAS 27 — Equity Method in Separate Financial Statements*

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries in its separate financial statements.

### *HKFRS 9 (2014) — Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss (“FVTPL”).

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

### 1.3 New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance, Cap. 622, in relation to the preparation of financial statements will apply to the Company in its first financial year beginning on or after 3 March 2014 (i.e. the financial year ending 31 December 2015).

The directors consider that there will be no impact on the Group's financial position or performance, however the new Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. The Statement of Financial Position of the Company will be presented in the notes rather than a separate statement and the related notes need not be included, and statutory disclosures will be simplified.

## 2. REVENUE

Revenue, which is also the turnover of the Group, represents net invoiced value of fishmeal sold, rental income derived from investment properties and value of services rendered. Revenue recognised during the year is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Sales of goods	1,295,987	1,486,968
Rental income from investment properties	40,499	36,840
	<u>1,336,486</u>	<u>1,523,808</u>



### 3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision-maker, for the purpose of resource allocation and assessment of segment performance focuses on the operating divisions of the Group.

The Group has identified the following reportable segments for its operating segments. These segments are managed separately as each business offers different products and services and requires different business strategies.

1. General trading — trading of fishmeal
2. Property investment in Hong Kong — leasing of properties situated in Hong Kong
3. Property investment in the PRC — leasing of properties situated in the PRC (other than Hong Kong) and provision for agency services
4. Trading of properties — sale of properties situated in the PRC

The accounting policies of the reportable segments are the same as the Group's accounting policies. There were no inter-segment sales between different operating segments for the year ended 31 December 2014 (2013: nil). Segment revenue represents sales revenue from external customers. Segment profit or loss after tax represents net profit earned or loss incurred by each reportable segment without allocation of income and expenses of the Group's head office, including change in fair value of financial assets at fair value through profit or loss, reversal of impairment loss/impairment loss on available-for-sale financial assets, corporate income and expenses, unallocated finance costs and unallocated income tax credit or expense.

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than the Group head office's corporate assets; and
- all liabilities are allocated to reportable segments other than the Group head office's corporate liabilities.

Information regarding the above segments is reported below.

## Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments;

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>For the year ended 31 December 2014</i>					
Reportable segment revenue	<u>1,295,987</u>	<u>18,215</u>	<u>22,284</u>	—	<u>1,336,486</u>
Reportable segment profit after tax	<u>45,795</u>	<u>31,031</u>	<i>(Note)</i> <u>98,377</u>	—	<u>175,203</u>
Change in fair value of financial assets at fair value through profit or loss					9,360
Impairment loss on available-for-sale financial assets					(25)
Corporate income and expenses					(10,296)
Unallocated finance costs					(725)
Unallocated income tax expenses					<u>(114)</u>
Profit for the year					<u><u>173,403</u></u>

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>For the year ended 31 December 2013</i>					
Reportable segment revenue	<u>1,486,968</u>	<u>15,366</u>	<u>21,474</u>	—	<u>1,523,808</u>
Reportable segment profit after tax	<u>41,417</u>	<u>14,480</u>	<u>14,613</u>	—	<u>70,510</u>
Change in fair value of financial assets at fair value through profit or loss					(6,279)
Reversal of impairment loss on available-for-sale financial assets					5
Corporate income and expenses					(7,871)
Unallocated finance costs					(673)
Unallocated income tax credit					<u>9</u>
Profit for the year					<u><u>55,701</u></u>

*Note:* Included reversal of provision for direct expenses and tax amounting to approximately HK\$48,184,000 which is described in detail in note 6(c).

## Segment assets and liabilities

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>At 31 December 2014</i>					
Reportable segment assets	557,551	589,982	501,786	19,408	1,668,727
Available-for-sale financial assets					12,397
Financial assets at fair value through profit or loss					163,044
Corporate assets					134,688
Consolidated assets					<u>1,978,856</u>
Reportable segment liabilities	190,886	81,752	91,047	—	363,685
Corporate liabilities					20,683
Consolidated liabilities					<u>384,368</u>
	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>At 31 December 2013</i>					
Reportable segment assets	620,953	573,321	480,658	20,104	1,695,036
Available-for-sale financial assets					11,202
Financial assets at fair value through profit or loss					99,209
Corporate assets					174,213
Consolidated assets					<u>1,979,660</u>
Reportable segment liabilities	263,896	90,469	129,282	—	483,647
Corporate liabilities					34,899
Consolidated liabilities					<u>518,546</u>

Other segment information

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Corporate/Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>For the year ended</i>						
<i>31 December 2014</i>						
Additions to specified non-current assets ( <i>note</i> )	38	—	30	—	—	68
Amortisation of prepaid lease payments for land	—	—	4	—	—	4
Depreciation of property, plant and equipment	388	—	296	—	1,494	2,178
Fair value gain on investment properties	—	16,930	44,141	—	—	61,071
Fair value loss on derivative financial instruments	—	—	—	—	2,490	2,490
Reversal of allowance for doubtful debts	1,542	—	—	—	—	1,542
Bad debt written off	—	—	8	—	—	8
Exchange (gain)/loss, net	7,253	(57)	(513)	—	(591)	6,092
Interest income	18,671	—	14	—	3,024	21,079
Interest expense	264	1,716	—	—	725	2,705
Income tax expense	2,119	811	9,929	—	114	12,973

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Corporate/Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>For the year ended</i>						
<i>31 December 2013</i>						
Additions to specified non-current assets ( <i>note</i> )	354	—	53	—	—	407
Amortisation of prepaid lease payments for land	—	—	4	—	—	4
Depreciation of property, plant and equipment	433	—	880	—	1,743	3,056
Fair value gain on investment properties	—	2,040	1,136	—	—	3,176
Fair value gain on derivative financial instruments	1,803	—	—	—	4,957	6,760
Reversal of allowance for doubtful debts	—	—	45	—	—	45
Bad debt written off	412	—	—	—	—	412
Exchange (gain)/loss, net	(11,330)	8	449	—	1,125	(9,748)
Interest income	20,226	—	13	—	2,463	22,702
Interest expense	5,049	1,568	—	—	673	7,290
Income tax (credit)/expense	(49)	479	2,495	—	(9)	2,916

*Note:* Specified non-current assets excluded financial instruments and deferred tax assets.

### Geographical information

The Group's operations are located in Hong Kong and the PRC.

The Group's revenue by location of customers and information about its specified non-current assets by geographical location of the assets are detailed below:

	Revenue		Specified non-current assets	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hong Kong (place of domicile)	18,215	15,366	591,980	576,741
Other regions in the PRC	1,318,271	1,508,442	478,463	446,015
	<u>1,336,486</u>	<u>1,523,808</u>	<u>1,070,443</u>	<u>1,022,756</u>

### Information about major customers

For the years ended 31 December 2014 and 2013, no customer has contributed 10% or more of the Group's total revenue.

#### 4. OTHER INCOME

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest income on		
— bank balances and trade receivables measured at amortised cost	18,685	21,153
— debt securities measured at fair value through profit or loss	3,024	1,549
	<u>21,709</u>	<u>22,702</u>
Dividend income from listed equity securities	20	105
Exchange gain, net	—	9,748
Gain on disposal of property, plant and equipment	—	25
Reversal of allowance for doubtful debt	1,534	—
Sundry	2,714	5,176
	<u>25,977</u>	<u>37,756</u>

#### 5. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on borrowings		
— wholly repayable within five years	495	4,811
— not wholly repayable within five years	2,210	2,479
	<u>2,705</u>	<u>7,290</u>

#### 6. PROFIT BEFORE INCOME TAX

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit before income tax has been arrived at after charging/(crediting):		
Auditor's remuneration	850	850
Amortisation of prepaid lease payments for land	4	4
Depreciation of property, plant and equipment	2,178	3,056
Cost of inventories recognised as an expense	1,214,309	1,429,951
Exchange loss/(gain), net	6,092	(9,748)
Reversal of allowance for doubtful debts	(1,542)	(45)
Bad debt written off	8	412
Staff costs including directors' emoluments ( <i>notes (a) and (b)</i> )	30,733	28,455
Other operating income:		
Impairment loss/(Reversal of impairment loss) on available-for-sale financial assets	25	(5)
Reversal of provision for direct expenses of taxes ( <i>note (c)</i> )	(48,184)	—
	<u>(48,159)</u>	<u>(5)</u>
Gross rental income from investment properties	(40,499)	(36,840)
Less: Outgoings	3,292	2,937
Net rental income from investment properties	<u>(37,207)</u>	<u>(33,903)</u>

Notes:

- (a) Staff costs (including directors' emoluments) comprise:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Salaries, allowances and other benefits	<b>29,253</b>	27,102
Retirement fund contributions — defined contribution retirement plans	<b>1,480</b>	1,353
	<b>30,733</b>	28,455

- (b) Operating lease charges in respect of the Group's staff quarters of HK\$1,416,000 (2013: HK\$1,406,000) are included in staff costs.
- (c) In October 2012, the Group disposed of 43% of the issued share capital of Samstrong International Limited ("Samstrong"). Before the disposal, Samstrong and the companies under Samstrong ("Samstrong Group") were associates of the Group in which the Group held 43% interests through Great China Development (Shanghai) Limited ("GCD", an indirect wholly-owned subsidiary of the Company).

Pursuant to the sale and purchase agreement, the Group agreed to indemnify the buyer of Samstrong Group for taxes and claims related to Samstrong Group which potentially arise within a period of eighteen months after the completion date (the "Warranty Period"). The aggregate provision made by the Group for the potential claims arising during the Warranty Period and other direct expenses and taxes related to the disposal amounted to approximately HK\$60,460,000, which was included in "Gain on disposal after deducting direct expenses and tax" as presented in the consolidated income statement of the Group for the year ended 31 December 2012.

During the year, following the expiry of the Warranty Period and the dissolution of GCD, and after deducting the claims made so far, the Group has reversed the remaining provision amounting to approximately HK\$48,184,000 and this was included in "Other operating income" in the consolidated income statement.

## 7. INCOME TAX EXPENSE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Income tax expense comprises:		
Hong Kong profits tax		
Current tax for the year	536	288
Over-provision in prior years	(32)	(312)
	<u>504</u>	<u>(24)</u>
Other jurisdictions		
Current tax for the year	3,916	1,512
Withholding tax	50	—
Under-provision in prior years	—	29
	<u>3,966</u>	<u>1,541</u>
Deferred tax	<u>8,503</u>	<u>1,399</u>
Income tax expense	<u><u>12,973</u></u>	<u><u>2,916</u></u>

Hong Kong profits tax is calculated at 16.5% (2013: 16.5%) on the estimated assessable profits for the year.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Enterprise Income Tax arising from certain Hong Kong subsidiaries’ operations in the PRC is calculated at tax rate of 10% (2013: 10%) on the estimated assessable income for the year.

## 8. EARNINGS PER SHARE

The calculations of basic earnings per share attributable to the owners of the Company are based on the following data:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company	<u>173,403</u>	<u>55,701</u>
	<b>Number of shares</b>	
	<b>2014</b>	<b>2013</b>
Weighted average number of ordinary shares in issue during the year	<u>261,684,910</u>	<u>261,684,910</u>

Basic and diluted earnings per share for the years ended 31 December 2014 and 2013 are equal as there were no potential dilutive ordinary shares in issue in both years.



## 9. DIVIDENDS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Proposed final dividend for the year of HK\$0.12 (2013: HK\$0.1) per ordinary share	<u>31,402</u>	<u>26,168</u>

The final dividend of HK\$0.12 (2013: HK\$0.1) per ordinary share amounting to HK\$31,402,000 (2013: HK\$26,168,000) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Final dividend in respect of previous financial year, approved and paid during the year of HK\$0.1 (2013: HK\$0.1) per ordinary share	<u>26,168</u>	<u>26,168</u>

## 10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade and bills receivables, net	70,513	243,694
Prepayments, deposits and other receivables, net	<u>80,692</u>	<u>43,067</u>
	151,205	286,761
Less: Trade and other receivables, prepayments and deposits recoverable within one year classified as current assets	<u>(151,205)</u>	<u>(286,761)</u>
Other receivables recoverable after one year classified as non-current assets	<u>—</u>	<u>—</u>

The ageing analysis of trade and bills receivables (net of allowance for doubtful debts), based on invoice dates, as of the end of the reporting period is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 – 30 days	28,040	211,857
31 – 60 days	9,831	65
61 – 90 days	1,311	65
91 – 120 days	—	19
Over 120 days	<u>31,331</u>	<u>31,688</u>
	<u>70,513</u>	<u>243,694</u>

The ageing of trade and bills receivables which are past due but not impaired are as follows:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Less than 30 days past due	<b>709</b>	65
31 to 60 days past due	<b>1,428</b>	65
61 to 90 days past due	<b>1,311</b>	65
91 to 120 days past due	—	19
Over 120 days past due	<b>31,331</b>	31,688
	<b>34,779</b>	31,902

*Notes:*

- (a) The Group's bills receivables are on sight letter of credit, usance letter of credit up to a tenor of 180 days (2013: 180 days) and bank's acceptance bills up to a tenor of 30 to 60 days (2013: 30 to 60 days). For other trade receivables, the Group allows a credit period ranging from 30 to 90 days (2013: 30 to 90 days). Before accepting any new customer, the Group carries out research on the creditability of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year.

None of the Group's bills receivables as at 31 December 2014 and 2013 have been discounted to the financial institutions.

In determining the recoverability of trade and other receivables, the Group considers any change in the credit quality of the trade and other receivables from the date credit was initially granted up to the reporting date.

Included in trade receivables and other receivables as at 31 December 2014 are gross carrying amounts of HK\$32,751,000 (2013: HK\$33,575,000) and HK\$13,210,000 (2013: HK\$13,543,000) respectively, due from a customer, Guangzhou Jinhe Feed Company Limited ("Jinhe"). These receivables are past due as at the reporting date and impairment loss amounting to HK\$1,992,000 (2013: HK\$2,704,000) in aggregate has been provided for these balances. The Group holds a guarantee from Mr. Wang Xianning (the "Guarantor") who pledged all his rights and interests in a property investment project (the "Collateral") to secure the receivables from Jinhe.

The Group has commenced legal proceedings against Jinhe, the Guarantor and Mr. Wong Hiuman (who shares joint and several liabilities over the payment obligation of Jinhe under the fishmeal trading contracts).

On 16 January 2015, the Shanghai Higher Court released a final judgement which almostly supported the judgement on 24 October 2013 that Jinhe has to compensate the Group for the losses arising from price differences of reselling the inventories, the expenses paid by the Group on behalf of Jinhe as well as the import agency fee to the Group and that Mr. Wong Hiuman should have the responsibility to bear all the above compensation under his guarantee. Pursuant to the final judgement, Jinhe and Mr. Wong Hiuman should compensate to the Group within 10 days from the date of the final judgement, but they failed to do so.

On 4 February 2015, the Group authorised its legal counsel to apply arbitration of the Collateral.

Based on the advice of the Group's legal counsel, the management is optimistic that the Group is able to recover the amounts due from Jinhe. However, having considered the time needed for the judiciary to handle the appeal application by Jinhe and Mr. Wong Hiuman, to come up with final decision and for the execution of orders, the management has discounted the receivable balances by two years using a pre-tax discount rate of 3% to reflect the time value of money as at 31 December 2013. As a result of the discount, the carrying value of the trade and other receivables due from Jinhe as at 31 December 2014 are reduced by HK\$1,420,000 (2013: HK\$1,927,000) and HK\$572,000 (2013: HK\$777,000) respectively.

## 11. TRADE AND BILLS PAYABLES

The ageing analysis of trade and bills payables, based on invoice dates, as at the end of the reporting period is as follows:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 – 30 days	<b>63,464</b>	181,751
31 – 60 days	<b>3,463</b>	—
61 – 90 days	—	—
91 – 120 days	—	—
Over 120 days	<b>6,265</b>	5,030
	<hr/> <b>73,192</b> <hr/>	<hr/> 186,781 <hr/>

In respect of trade payables, the average credit period is 30 days (2013: 30 days).

## MANAGEMENT DISCUSSION AND ANALYSIS

### GROUP REVIEW

The Group recorded a total revenue of HK\$1,336 million (2013: HK\$1,524 million), which was 12% lower than that of the previous financial year. The decrease was mainly caused by the decline in revenue generated from general trading segment.

For the year ended 31 December 2014, profit attributable to owners of the Company was HK\$173 million as compared to HK\$56 million, representing an increase of 209% compared to last year.

### BUSINESS REVIEW

#### General Trading

For the year ended 31 December 2014, the revenue of general trading segment decreased to HK\$1,296 million (2013: HK\$1,487 million). The drop in trading revenue was due to the limited supply of fishmeal since the second half of 2014. In the first half of 2014, fishmeal prices remained firm and stable. In the last quarter of 2014, the Peruvian Institute for Marine Affairs (“Imarpe”) found a high percentage of juvenile fish along the Peruvian coast, which led to a recommendation to keep Peru’s second anchovy fishing season closed until biomass recovers. On 22 December 2014, the Peruvian Ministry of Production announced the suspension of fishing activities of anchovy in the North-Centre Region until environmental conditions improve. As a result, the supply was limited by Peruvian’s supply disruption and the price of fishmeal reached a record high.

Despite the unstable market condition, the Group maintained a conservative marketing strategy to minimise market risk. The Group generated a profit of HK\$46 million for the year ended 31 December 2014 compared with HK\$41 million in the previous year.

#### Property Investment in Hong Kong

For the year ended 31 December 2014, the rental income of the investment properties in Hong Kong was HK\$18 million (2013: HK\$15 million), the increment was driven by positive rental reversions and higher occupancy.

The investment properties were valued by an independent professional valuer and recorded fair value gain on investment properties of HK\$17 million for 2014 (2013: HK\$2 million). This fair value gain and net rental income together have made a contribution of HK\$31 million to the Group’s profit for the year ended 31 December 2014.

#### Property Investment in Mainland China

For the year ended 31 December 2014, rental income from the investment properties in the PRC was HK\$22 million (2013: HK\$21 million), which was maintained at the same level as compared with last year.

The investment properties were valued by an independent professional valuer and recorded fair value gain on investment properties of HK\$44 million for 2014 (2013: HK\$1 million). This fair value gain and net rental income together with the reversal of un-utilised provision of direct expenses and taxes related to disposal of PRC properties in previous years have made a contribution of HK\$98 million to the Group’s profit for the year ended 31 December 2014.

## **PROSPECTS**

### **General Trading**

The uncertainty of the fishing quota from the Peruvian government will have significant impacts on our fishmeal trading business. However, recent reports from Imarpe show a steady recovery of the biomass and the industry believes that this is a positive indicator for the government to allow the catching of anchovies in the coming fishing seasons. With our well established and strong trading team in the fishmeal business, we are confident that we will achieve a positive contribution to the Group in the coming year.

### **Property Investment**

With slow retail market conditions in Hong Kong, the outlook for the retail leasing market is weaker compared to previous years. The majority of leases continue through 2015; as a result, we expect minor impact on the rental income. The economy of the PRC maintains a healthy growth and the Group will continue to act in a cautious manner and seek investment opportunities in Hong Kong and Mainland China.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

As at 31 December 2014, the Group's gearing ratio was 6% (2013: 7%), based on the Group's long term bank borrowings of HK\$114 million (2013: HK\$136 million) and total assets of HK\$1,979 million (2013: HK\$1,980 million). The Group's current ratio was 4.50 (2013: 2.91), calculated on the basis of current assets of HK\$896 million (2013: HK\$928 million) over current liabilities of HK\$199 million (2013: HK\$319 million).

As at 31 December 2014, total restricted bank deposits, structured bank deposits, bank balances and cash on hand were HK\$498 million (2013: HK\$485 million, included in current assets). Total borrowings of the Group amounted to HK\$192 million (2013: HK\$171 million), and there was no borrowings secured by bank deposit (2013: Nil). The maturity profile of the Group's total borrowings falling due within one year was 41% (2013: 20%) and more than one year was 59% (2013: 80%). The Group's borrowings were denominated in United States dollars and Hong Kong dollars.

### **Charges on Assets**

As at 31 December 2014, the Group has available but not yet utilised banking facilities amounting to around HK\$1,264 million (2013: HK\$1,981 million). The Group has pledged the following assets and assigned rental income from letting of properties in favour of banks to secure the aforesaid facilities:

- Investment properties of HK\$845 million (2013: HK\$808 million); and
- Leasehold land and buildings of HK\$41 million (2013: HK\$42 million).

## **Foreign Exchange Exposure**

Transactions of the Group are predominantly denominated in United States dollars, Hong Kong dollars and Renminbi. Review of the Group's exposure to foreign exchange risks is conducted periodically and derivative financial instruments may be used to hedge against foreign exchange risks as and when necessary.

## **EMPLOYEE AND REMUNERATION POLICIES**

As at 31 December 2014, the total number of employees of the Group was 84 (2013: 84) with staff costs, excluding directors' remuneration, amounting to HK\$16,659,000 (2013: HK\$16,096,000). Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account comparable levels in the market.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2014.

## **PROPOSED FINAL DIVIDEND**

The Board has recommended the payment of a final dividend of HK\$0.12 per ordinary share for the year ended 31 December 2014 to shareholders whose names appear on the Company's register of members on Tuesday, 2 June 2015 (the "Proposed Final Dividend"). Subject to the approval of the Company's shareholders at the Company's forthcoming annual general meeting to be held on Wednesday, 20 May 2015 (the "2015 AGM"), the Proposed Final Dividend is expected to be paid on Monday, 15 June 2015.

## **CLOSURE OF REGISTER OF MEMBERS FOR 2015 AGM**

For the purpose of determining the rights to attend and vote at the 2015 AGM, the register of members of the Company will be closed from Friday, 15 May 2015 to Wednesday, 20 May 2015 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to be entitled to attend and vote at the 2015 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Union Registrars Limited, at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 14 May 2015.

## **CLOSURE OF REGISTER OF MEMBERS FOR PROPOSED FINAL DIVIDEND**

The payment of the Proposed Final Dividend is subject to the approval of the shareholders at the 2015 AGM. For the purpose of determining the entitlement to the Proposed Final Dividend, the register of members of the Company will be closed from Thursday, 28 May 2015 to Tuesday, 2 June 2015 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be entitled to the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Union Registrars Limited, at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 27 May 2015.

## **REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

## **AUDIT COMMITTEE**

The audit committee, comprising all the three independent non-executive directors of the Company, has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2014 and discussed with the management of the Company the accounting principles and accounting standards adopted by the Group and matters relating to internal control and financial reporting of the Group.

## **CORPORATE GOVERNANCE**

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for the following deviation:

### **Code Provision A.6.7**

This code provision stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. One of the independent non-executive directors of the Company was unable to attend the Company's annual general meeting held on 21 May 2014 due to his other business engagement.

A full description of the Company's corporate governance will be set out in the Corporate Governance Report contained in the 2014 Annual Report of the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' dealings in the Company's securities. Specific enquiry has been made of all the directors of the Company and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2014.

## **PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.greatchinaholdingsltd.com.hk](http://www.greatchinaholdingsltd.com.hk). The 2014 Annual Report of the Company will be available at the websites of the Stock Exchange and the Company and be despatched to shareholders of the Company in due course.

## APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business associates for their trust and support.

On behalf of the Board  
**John Ming Tak HO**  
*Managing Director*

Hong Kong, 24 March 2015

*As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Rustom Ming Yu HO, Mr. John Ming Tak HO, Mr. Patrick Kwok Wai POON and Mr. Maung Tun MYINT; one non-executive director, namely, Ms. Yu Gia HO; and three independent non-executive directors, namely, Mr. Lawrence Kam Kee YU BBS, MBE, JP, Mr. David Hon To YU and Mr. Hsu Chou WU.*