

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



GUANGNAN (HOLDINGS) LIMITED

廣南(集團)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1203)

Unaudited Quarterly Results Announcement For The Three Months Ended 31 March 2019

This announcement is made on a voluntary basis by Guangan (Holdings) Limited (the “Company”) for the purpose of further increasing the level of corporate governance and enhancing its transparency.

Financial highlights	Three months ended 31 March		Change
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	
Revenue	<u>597,617</u>	<u>652,825</u>	-8.5%
Profit from operations	<u>28,708</u>	<u>4,718</u>	508.5%
Profit attributable to shareholders	<u>20,975</u>	<u>14,317</u>	46.5%
	At 31 March 2019 (Unaudited) HK\$'000	At 31 December 2018 (Audited) HK\$'000	Change
Total assets	<u>3,001,925</u>	<u>2,958,801</u>	1.5%
Shareholders' equity	<u>2,487,235</u>	<u>2,456,449</u>	1.3%

Note:

The financial information relating to the year ended 31 December 2018 included in this announcement as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year 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 will deliver the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance in due course. The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

SUMMARISED INFORMATION

Results

In the first quarter of 2019, the unaudited consolidated revenue of the Company and its subsidiaries (collectively the "Group") was HK\$597,617,000, representing a decrease of 8.5% as compared to that for the corresponding period last year. The unaudited consolidated profit attributable to shareholders was HK\$20,975,000, representing an increase of 46.5% as compared to that for the corresponding period last year. The Group plans to consider dividends declaration at the half-year and year ends. Therefore, no dividend is proposed for the first quarter of 2019 (the first quarter of 2018: HK\$Nil).

Tinplating business

In the first quarter of 2019, the Group produced 70,121 tonnes of tinplate products, representing a decrease of 9.1% as compared to that for the corresponding period last year, and sold 66,276 tonnes of tinplate products, representing a decrease of 11.6% as compared to that for the corresponding period last year.

The revenue for the current period was HK\$494,724,000, representing a decrease of 9.4% as compared to that for the corresponding period last year. The segment profit was HK\$5,220,000, representing an increase of HK\$21,582,000 from the segment loss of HK\$16,362,000 for the corresponding period last year. With the impact of slow recovery of the global economy and the slowing down of growth of the Chinese economy, the overall imbalance between supply and demand in the iron and steel industry still existed. The excess capacity in the tinplating industry and unstable demand of downstream businesses have still been placing pressure on the sales of tinplate products. Notwithstanding the sales volume of tinplate products of the Group decreased during the current period, the selling price of tinplate products increased as compared to that for the corresponding period last year due to the increase in prices of raw materials of tinplates, and gross profit per unit of tinplate products also increased as compared to that for the corresponding period last year, resulting in turning from a loss into profit for tinplating business.

Fresh and Live Foodstuffs business

In the first quarter of 2019, the revenue of the fresh and live foodstuffs business amounted to HK\$97,450,000, representing a decrease of 3.5% as compared to that for the corresponding period last year. Together with the share of loss less profit of the two associates of HK\$1,561,000 (the first quarter of 2018: share of losses of HK\$2,005,000), the segment profit was HK\$17,958,000, representing an increase of 19.7% as compared to that for the corresponding period last year. The increase in the price of live pigs during the current period as compared to that for the corresponding period last year, leading to an increase in profit of live pigs' distribution business and a decrease in net losses incurred by the two associates which are engaged in pig farming and sales of pigs. The Group's overall market share in the live pigs supply into Hong Kong was about 50% (the first quarter of 2018: 46%). This provided a certain contribution to the earnings of the Group.

Other information

In respect of our property leasing business, the value of investment properties in Hong Kong held by the Group remained stable such that no valuation gains on investment properties were recorded for the first quarter of 2019. Valuation gains of HK\$9,289,000 were recorded in the corresponding period last year.

In the first quarter of 2019, Yellow Dragon Food Industry Co., Ltd., an associate of the Group engaged in the processing and sale of corn food and feed products, recorded a decrease in loss as a result of the increase in gross profit per unit of its major products. The Group's share of loss from this associate was HK\$5,657,000 (the first quarter of 2018: HK\$6,286,000).

CAUTION STATEMENT

The Group's tinplating business are affected by demands from customers and fluctuations of raw material prices, which is expected to continue. Although the Company is now issuing quarterly information, investors should be aware that due to fluctuations in market conditions, raw material prices, exchange rates of Renminbi against other currencies and changes in the operating environment from time to time, certain income and expenses may vary substantially from quarter to quarter. Hence, comparisons between different periods within a single financial year, or between different periods in different financial years, are not necessarily meaningful and cannot be relied upon as indicators of the Group's performance due to the seasonality factors. Also, quarterly results should not be used to estimate or extrapolate to project the Group's half-year or full-year performance.

In addition, the board of directors (the “Board”) of the Company would like to remind investors that the information contained in this announcement is only based on internal records and management accounts of the Group and such financial information was not reviewed nor audited by the auditor of the Company. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Tan Yunbiao
Chairman

Hong Kong, 25 April 2019

As at the date of this announcement, the Board is composed of three Executive Directors, namely Messrs. Tan Yunbiao, He Jinzhou and Lau Kin Man; one Non-Executive Director, namely Ms. Liang Jianqin; and three Independent Non-Executive Directors, namely Mr. Gerard Joseph McMahon, Mr. Li Kar Keung, Caspar and Dr. Wong Yau Kar, David.