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## 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 Nine Months Ended 30 September 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	Nine months ended 30 September		Change
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	
Revenue	<u>1,795,627</u>	<u>2,179,870</u>	-17.6%
Profit from operations	<u>78,532</u>	<u>53,647</u>	46.4%
Profit attributable to shareholders	<u>47,452</u>	<u>105,603</u>	-55.1%
	At 30 September 2019 (Unaudited) HK\$'000	At 31 December 2018 (Audited) HK\$'000	Change
Total assets	<u>3,044,420</u>	<u>2,958,801</u>	2.9%
Shareholders' equity	<u>2,424,028</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 has delivered the consolidated 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. The Company's auditor has reported on those consolidated 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**

For the first three quarters of 2019, the unaudited consolidated revenue of the Company and its subsidiaries (collectively the "Group") was HK\$1,795,627,000, representing a decrease of 17.6% as compared to that for the corresponding period last year. The unaudited consolidated profit attributable to shareholders was HK\$47,452,000, representing a decrease of 55.1% as compared to that for the corresponding period last year. It is the Group's plan to consider dividends declaration at the half-year and year ends. Therefore, no dividend is proposed for the third quarter of 2019 (the third quarter of 2018: HK\$Nil).

### **Tinplating business**

In the first three quarters of 2019, the Group produced 206,744 tonnes of tinplate products, representing a decrease of 17.6% as compared to that for the corresponding period last year, and sold 201,409 tonnes of tinplate products, representing a decrease of 19.3% as compared to that for the corresponding period last year.

The revenue for the current period was HK\$1,517,070,000, representing a decrease of 18.9% as compared to that for the corresponding period last year. The segment profit was HK\$31,022,000, an increase in segment profit of HK\$40,307,000 from the segment loss of HK\$9,285,000 for the corresponding period last year. The industry of tinplating business remained stable but weak and excess capacity has not been fundamentally changed. The demand from some downstream business in European and Middle East regions as well as Mainland China decreased as affected by economic conditions. Sales volume of tinplate products of the Group decreased during the current period, while selling price of tinplate products remained stable during the current period. With the increase in profit per unit, segment profit turned from a loss to a profit for the current period.

## **Fresh and Live Foodstuffs business**

In the first three quarters of 2019, the revenue of the fresh and live foodstuffs business amounted to HK\$262,837,000, representing a decrease of 10.5% as compared to that for the corresponding period last year. Together with the share of profit less loss of two associates of HK\$178,000 (the first three quarters of 2018: share of losses of HK\$6,091,000), the segment profit was HK\$40,867,000, representing a decrease of 21.1% as compared to that for the corresponding period last year. The supply of live pigs from Mainland China decreased as affected by African swine fever, resulting in the decrease in revenue of self-operated live pigs business. The price of live pigs significantly increased as a result of the decreased supply. The sales volume of fresh pork retail business decreased, while profits decreased due to the increase in costs. In addition, the pig farming business environment is relatively volatile even though the price of pigs significantly increased during the period. The profit for the period of the two associates which are engaged in pig farming and sales of pigs were improved. The Group's overall market share in the live pigs supply into Hong Kong was about 47% (the first three quarters 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 held by the Group remained stable such that no valuation gains on investment properties were recorded for the current period as compared to valuation gains of HK\$64,193,000 recorded in the corresponding period last year.

In the first three quarters 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 loss as a result of the decreased government grants income. The Group's share of loss from this associate for the current period was HK\$19,369,000 (the first three quarters of 2018: HK\$5,062,000).

## **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 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, 29 October 2019

*As at the date of this announcement, the Board is composed of three Executive Directors, namely Messrs. Tan Yunbiao, He Jinzhou and Chau Wang Kei; 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.*