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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)**

## **PROFIT WARNING**

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance and Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the consolidated profit attributable to shareholders of the Company for the year ended 31 December 2019 is expected to be decreased by approximately 60% as compared to that for the corresponding period in 2018.

The information contained in this announcement is only based on the Company's preliminary review of the management accounts of the Group for the year ended 31 December 2019 and such information have not been reviewed or audited by the auditors of the Company.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made by Guangnan (Holdings) Limited (the "Company", together with its subsidiaries shall be referred to as the "Group") pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The board of directors (the “Board”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on the Company’s preliminary review of the management accounts of the Group for the year ended 31 December 2019, the consolidated profit attributable to shareholders of the Company for the year ended 31 December 2019 is expected to be decreased by approximately 60% as compared to that for the corresponding period in 2018, primarily attributable to the net effect of (i) the value of investment properties held by the Group remained stable for the year as compared to the valuation gains on investment properties of HK\$65,247,000 recorded in the corresponding period last year. Hence, the valuation gains on investment properties for the Group were largely decreased this year; (ii) the decreased government grants income of an associate, Yellow Dragon Food Industry Co., Ltd., leading to an increase in loss recorded by this associate for the year as compared to that for the corresponding period last year; (iii) the price of pigs rebounded significantly during the year, leading to the overall losses turned to profits by the two associates, which are engaged in pig farming and sales of pigs. Nevertheless, the overall profits of fresh and live foodstuffs business decreased as a result of the decrease in number of live pigs supply to Hong Kong from Mainland China and the increase in costs of fresh pork retail business; and (iv) the increase in selling price and gross profit per unit of tinsplate products, despite of the decrease in the sales volume of tinsplate products during the year as compared to that for the corresponding period last year, resulting in the increase in profit for tinsplating business.

The information contained in this announcement is only based on the Company’s preliminary review of the management accounts of the Group for the year ended 31 December 2019 and such information have not been reviewed or audited by the auditors of the Company. As at the date of this announcement, the Group’s consolidated results for the year ended 31 December 2019 have not yet been finalised, and are subject to necessary adjustments if required. The actual results of the Group may be different from the information contained in this announcement. Further details of the Group’s information will be disclosed in the annual results of the Group for the year ended 31 December 2019 which is expected to be announced by the end of March 2020.

**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  
**Chen Benguang**  
*Chairman*

Hong Kong, 10 January 2020

*As at the date of this announcement, the Board is composed of three Executive Directors, namely Messrs. Chen Benguang, 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.*