

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.



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

(Incorporated in Hong Kong with limited liability)

(Stock code: 1203)

Unaudited Quarterly Results Announcement
For The Three Months Ended 31 March 2021

This announcement is made on a voluntary basis by GDH Guangnan (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			
	2021	2020		
	(Unaudited)	(Unaudited)		
	HK\$'000	HK\$'000		Change
Revenue	<u>800,838</u>	<u>536,895</u>		49.2%
Profit from operations	<u>20,594</u>	<u>16,374</u>		25.8%
Profit attributable to shareholders	<u>20,705</u>	<u>17,994</u>		15.1%
	At	At		
	31 March	31 December		
	2021	2020		
	(Unaudited)	(Audited)		
	HK\$'000	HK\$'000		Change
Total assets	<u>3,456,676</u>	<u>3,315,440</u>		4.3%
Shareholders' equity	<u>2,589,955</u>	<u>2,577,997</u>		0.5%

Note:

The financial information relating to the year ended 31 December 2020 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 2020 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 quarter of 2021, the unaudited consolidated revenue of the Company and its subsidiaries (collectively the "Group") was HK\$800,838,000, representing an increase of 49.2% as compared to the same period last year. The unaudited consolidated profit attributable to shareholders was HK\$20,705,000, representing an increase of 15.1% as compared to the same 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 first quarter of 2021 (the first quarter of 2020: HK\$Nil).

Tinplating business

In the first quarter of 2021, the Group produced 77,298 tonnes of tinplate products, representing an increase of 21.6% as compared to the same period last year, and sold 71,156 tonnes of tinplate products, representing an increase of 11.6% as compared to the same period last year.

The revenue for the current period was HK\$589,971,000, representing an increase of 31.8% as compared to the same period last year. The segment loss was HK\$448,000, representing an increase of 261.3% as compared to the same period last year. The industry of tinplating business remained stable but weak and excess capacity has not been changed fundamentally. The demand for tinplate products from some downstream business in tinplate-importing countries decreased due to the slowdown of economic growth and the outbreak of COVID-19 pandemic. However, the domestic demand in China increased gradually after the slowdown of the pandemic. Although sales volume and selling price of tinplate products of the Group increased during the period, the cost of raw materials continued to rise during the period. With the decrease in profit per unit, segment loss increased as compared to the same period last year.

Fresh and Live Foodstuffs business

In the first quarter of 2021, the revenue of the fresh and live foodstuffs business amounted to HK\$205,245,000, representing an increase of 144.6% as compared to the same period last year. Together with the share of profits of two associates of HK\$13,357,000 (the first quarter of 2020: HK\$15,667,000), the segment profit was HK\$33,939,000, representing an increase of 14.5% as compared to the same period last year. Notwithstanding the price of live pigs decreased in the current period as compared to the same period last year, the number of live pigs sold and commission rate increased, leading to an increase in profit of live pigs' distribution and self-operated business, while a decrease of profits was recorded 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 49% (the first quarter of 2020: 48%). This provided a certain contribution to the earnings of the Group. In addition, the Group formed new profit growth points in the current period through accelerated its food import trade business in China, and added live pig slaughtering business in Nanhai District, Foshan City.

Other information

In respect of the property leasing business, the value of investment properties in Hong Kong held by the Group decreased. Valuation losses on investment properties of HK\$2,900,000 (the first quarter of 2020: HK\$5,400,000) were recorded for the period.

In the first quarter of 2021, Yellow Dragon Food Industry Co., Ltd., an associate of the Group engaged in the processing and sale of corn food and feed products, recorded an increase in loss as compared to the same period last year, mainly due to the decreased gross profit per unit. The Group's share of loss from this associate for the current period was HK\$6,112,000 (the first quarter of 2020: HK\$5,099,000).

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
Chen Benguang
Chairman

Hong Kong, 28 April 2021

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 Mr. Wang Longhai; and three Independent Non-Executive Directors, namely Mr. Gerard Joseph McMahon, Mr. Li Kar Keung, Caspar and Dr. Wong Yau Kar, David.