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**粵海廣南(集團)有限公司**  
**GDH GUANGNAN (HOLDINGS) LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock code: 01203)**

**Unaudited Quarterly Results Announcement**  
**For The Nine Months Ended 30 September 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.

<b>Financial highlights</b>	<b>Nine months ended 30 September</b>		<b>Change</b>
	<b>2021</b>	<b>2020</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
	<b>HK\$’000</b>	<b>HK\$’000</b>	
<b>Revenue</b>	<b>3,286,849</b>	<b>1,764,905</b>	<b>86.2%</b>
<b>Profit from operations</b>	<b>113,279</b>	<b>58,547</b>	<b>93.5%</b>
<b>Profit attributable to shareholders</b>	<b>53,105</b>	<b>75,166</b>	<b>-29.3%</b>
	<b>At</b>	<b>At</b>	
	<b>30 September</b>	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>	
	<b>HK\$’000</b>	<b>HK\$’000</b>	<b>Change</b>
<b>Total assets</b>	<b>4,153,235</b>	<b>3,315,440</b>	<b>25.3%</b>
<b>Shareholders’ equity</b>	<b>2,635,219</b>	<b>2,577,997</b>	<b>2.2%</b>

*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 third quarter of 2021, the unaudited consolidated revenue of the Company and its subsidiaries (collectively the "Group") was HK\$3,286,849,000, representing an increase of 86.2% as compared to the same period last year. The unaudited consolidated Profit from operations was HK\$113,279,000, representing an increase of 93.5% as compared to the same period last year. The increment was mainly due from the better performance in tinplating business and profit contribution from the newly expanded slaughter business and the chilled meat wholesale and retail business in Mainland. However, the profit from the associates was decreased due to the effect from their operating environment. As such, the unaudited consolidated profit attributable to shareholders of this period was HK\$53,105,000, representing a decrease of 29.3% 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 third quarter of 2021 (the third quarter of 2020: HK\$Nil).

### **Fresh and Live Foodstuffs business**

In the third quarter of 2021, the revenue of the fresh and live foodstuffs business amounted to HK\$1,030,116,000, representing an increase of 274.6% as compared to the same period last year. Together with the share of profits of two associates of HK\$220,000 (the third quarter of 2020: HK\$46,854,000), the segment profit was HK\$60,733,000, representing a decrease of 30.9% as compared to the same period last year. The price of pork had hit a record high in China as affected by African swine fever virus during 2019-2020. Having basically got African swine fever virus in control, the Ministry of Agriculture and Rural Affairs and the State Council had consecutively issued four related documents regarding the "Accelerating the Restoration of Live Pigs Production Capacity" in order to ensure sufficient supply of meat. As such, live pig breeding enterprises expanded their production capacities, and enterprises of other industries also engaged in live pig breeding business. As a result of excess capacity and supply in the live pig industry in 2021, the swine price dropped sharply. From the beginning of the year up till now, the nationwide swine price had been decreased by 70%, leading to a significant drop in profits recorded by the two associates, which engaged in pig farming and sales of pigs, as compared to the same period last year. However, the newly expanded slaughter business and the chilled meat wholesale and retail business in Mainland became the new profit growth point in this year. As the supply and demand of live pigs increased significantly, the slaughter of live pigs in the first half of the year exceeded 340,000 heads, together with the new chilled beef wholesale, contributing the increased profit and partially offsetting the effect of the decline in the profits recorded by the aforementioned associates. The

Group's overall market share in the live pigs supply into Hong Kong was about 47% (the third quarter of 2020: 47%).

## **Tinplating business**

In the third quarter of 2021, the Group produced 240,104 tonnes of tinplate products, representing an increase of 9.3% as compared to the same period last year, and sold 235,864 tonnes of tinplate products, representing an increase of 7.3% as compared to the same period last year.

The revenue for the current period was HK\$2,242,374,000, representing an increase of 52.0% as compared to the same period last year. The segment profit was HK\$59,887,000, representing an increase of 282.4% as compared to the same period last year. The industry competition of tinplating business is still intense. The price of the raw materials and the finished goods is at the high range. We adopted the strategy of matching selling price and cost and had successfully raised the selling prices so as to reduce the impact of the tax rebate policy. Besides, as we expected that the price of bulk raw materials would continuously increase, purchases had been made in advance to lockup the purchase price. The gross profit per unit of tinplate products increased, such that the segment profit also increased significantly compared with the same period last year.

## **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\$3,700,000 (the third quarter of 2020: HK\$12,800,000) were recorded for the period.

In the third quarter of 2021, the price of raw materials of corn starch production had increased due to the rise in commodity prices as well as the substantial increase in the demand of corn as swine feed by the breeding industry as a result of their business expansion. In the first half of 2021, the price of corn increased by 37% year-on-year. At the same time, the demand for corn starch by downstream enterprises declined. The selling price of corn starch dropped whereas, on the contrary, the price of its raw materials had risen. As a result, there was a decreased gross profit per unit of the major products and an increase in loss recorded by Yellow Dragon Food Industry Co., Ltd., an associate of the Company engaged in the processing and sale of corn food and feed products, as compared to the same period last year. The Group's share of loss from this associate for the current period was HK\$33,502,000 (the third quarter of 2020: HK\$1,415,000).

## **CAUTION STATEMENT**

The Group's fresh and live foodstuffs business are affected by the drop of the swine price as well as the 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. Therefore, 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, 27 October 2021

*As at the date of this announcement, the Board is composed of three executive directors, namely Mr. Chen Benguang, Mr. He Jinzhou and Mr. 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.*