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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: 1203)

Unaudited Quarterly Results Announcement
For The Nine Months Ended 30 September 2020

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			
	Nine months ended 30 September		
	2020	2019	
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	Change
Revenue	<u>1,764,905</u>	<u>1,795,627</u>	-1.7%
Profit from operations	<u>58,547</u>	<u>78,532</u>	-25.4%
Profit attributable to shareholders	<u>75,166</u>	<u>47,452</u>	58.4%
	At	At	
	30 September	31 December	
	2020	2019	
	(Unaudited)	(Audited)	
	HK\$'000	HK\$'000	Change
Total assets	<u>3,467,873</u>	<u>3,046,807</u>	13.8%
Shareholders' equity	<u>2,503,547</u>	<u>2,438,584</u>	2.7%

Note:

The financial information relating to the year ended 31 December 2019 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 2019 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 2020, the unaudited consolidated revenue of the Company and its subsidiaries (collectively the "Group") was HK\$1,764,905,000, representing a decrease of 1.7% as compared to the same period last year. The unaudited consolidated profit attributable to shareholders was HK\$75,166,000, representing an increase of 58.4% 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 2020 (the third quarter of 2019: HK\$Nil).

Tinplating business

In the first three quarters of 2020, the Group produced 219,727 tonnes of tinplate products, representing an increase of 6.3% as compared to the same period last year, and sold 219,747 tonnes of tinplate products, representing an increase of 9.4% as compared to the same period last year.

The revenue for the current period was HK\$1,475,213,000, representing a decrease of 2.8% as compared to the same period last year. The segment profit was HK\$15,659,000, representing a decrease of 49.5% 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 of tinplate products of the Group increased during the period, selling price of tinplate products decreased during the period. With the decrease in profit per unit, segment profit decreased significantly as compared to the same period last year.

Fresh and Live Foodstuffs business

In the first three quarters of 2020, the revenue of the fresh and live foodstuffs business amounted to HK\$274,993,000, representing an increase of 4.6% as compared to the same period last year. Together with the share of profits of two associates of HK\$46,854,000 (the first three quarters of 2019: share of profit less loss of HK\$178,000), the segment profit was HK\$87,933,000, representing an increase of 115.2% as compared to the same period last year. The price of live pigs increased significantly in the current period as compared to the same period last year due to the African swine fever and tight supply of domestic pigs in China. However, the number of live pigs sold and commission rate decreased, leading to a decrease in profit of live pigs' distribution and self-operated business. For the two associates which are engaged in pig farming and sales of pigs, an increase in profits was recorded. The Group's overall market share in the live pigs supply into Hong Kong was about 47% (the first three quarters of 2019: 47%). This provided a certain contribution to the earnings of the Group.

Other information

In respect of the property leasing business, the value of investment properties held by the Group decreased. Valuation losses on investment properties of HK\$12,800,000 were recorded for the period, while no valuation changes were recorded in the same period last year.

In the first three quarters of 2020, 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 compared to the same period last year, mainly due to the increased gross profit per unit. The Group's share of loss from this associate for the current period was HK\$1,415,000 (the first three quarters of 2019: HK\$19,369,000).

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 October 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 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.