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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 Three Months Ended 31 March 2017

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			
	Three months ended 31 March		
	2017	2016	
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	Change
Revenue	550,555	511,656	7.6%
Profit from operations	3,990	5,270	-24.3%
Profit attributable to shareholders	27,171	9,192	195.6%
	At	At	
	31 March	31 December	
	2017	2016	
	(Unaudited)	(Audited)	
	HK\$'000	HK\$'000	Change
Total assets	2,892,414	2,854,348	1.3%
Shareholders' equity	2,348,983	2,309,964	1.7%

Note:

The financial information relating to the year ended 31 December 2016 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 will deliver the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance in due course. The Company's auditor has reported on those 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

In the first quarter of 2017, the unaudited consolidated revenue of the Company and its subsidiaries (collectively the "Group") was HK\$550,555,000, representing an increase of 7.6% as compared to that for the corresponding period last year. The unaudited consolidated profit attributable to shareholders was HK\$27,171,000, representing an increase of 195.6% 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 first quarter of 2017 (the first quarter of 2016: HK\$Nil).

Tinplating business

In the first quarter of 2017, the Group produced 70,484 tonnes of tinplate products, representing a decrease of 9.0% as compared to that for the corresponding period last year, and sold 66,018 tonnes of tinplate products, representing a decrease of 21.7% as compared to that for the corresponding period last year.

The revenue for the current period was HK\$454,073,000, representing an increase of 13.2% as compared to that for the corresponding period last year. The segment loss was HK\$17,641,000, representing a decrease of HK\$3,502,000 from the segment loss of HK\$21,143,000 for the corresponding period last year. With the impact of slow recovery of the global economy and the downward pressure of the Chinese economy, the overall imbalance between supply and demand in the iron and steel industry still existed, placing significant pressure on the sales of tinplate products. The selling price of tinplate products of the Group increased during the period, resulting in a substantial increase in gross profit for the current period as compared to that for the corresponding period last year.

Fresh and Live Foodstuffs business

In the first quarter of 2017, the revenue of the fresh and live foodstuffs business amounted to HK\$91,649,000, representing a decrease of 12.9% as compared to that for the corresponding period last year, which was mainly due to the decrease in the price and sales of live pigs during the current period. Together with the share of profits of the two associates which are engaged in pig farming and sales of pigs of HK\$4,371,000 (the first quarter of 2016: HK\$5,264,000), the segment profit was HK\$25,615,000, representing a decrease of 17.3% as compared to that for the corresponding period last year. The Group's overall market share in the live pigs supplied to Hong Kong was about 46%. This provided a relatively steady contribution to the earnings of the Group.

Other information

In respect of our property leasing business, net valuation gains on investment properties of HK\$5,190,000 (the first quarter of 2016: HK\$Nil) was recorded for the first quarter of 2017.

In the first quarter of 2017, 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 net profit as a result of the increase in government grants income and the decrease in the cost of raw materials, contributing the share of profit from this associate of HK\$11,719,000 to the Group (the first quarter of 2016: share of loss of HK\$3,464,000).

CAUTION STATEMENT

The Group has historically experienced seasonality, mainly affected by demands from customers of tinplating business 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 half-year or 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, 28 April 2017

As at the date of this announcement, the Board is composed of three Executive Directors, namely Messrs. Tan Yunbiao, He Jinzhou and Lau Kin Man; one Non-Executive Director, namely Ms. Liang Jianqin; and three Independent Non-Executive Directors, namely Mr. Gerard Joseph McMahon, Ms. Tam Wai Chu, Maria and Mr. Li Kar Keung, Caspar.