

TARGET

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GDH GUANGNAN (HOLDINGS) LTD: THE FRONT MAN AND THE ÉMINENCE GRISE

GDH Guangnan (Holdings) Ltd (粵海廣南[集團]有限公司) – the Company – (Code: 1203, Main Board, The Stock Exchange of Hongkong Ltd), in conjunction with its subsidiaries, the nomenclature of which, being ‘*the Group*’, is a corporate entity, directly and indirectly, controlled by another corporate entity, it, being managed and controlled by the Government of the **People’s Republic of China (PRC)**.

The de facto PRC, State-Controlled entity has a known history of 29 years as a publicly listed company, its entire Issued and Fully Paid-Up Share Capital, having been listed on the premier equity market of the **Hongkong Special Administrative Region (HKSAR)** of the PRC on or about December 9, 1994.

GDH Ltd (粵海控股集團有限公司) is the immediate and ultimate holding corporate entity, as well as Guangdong Holdings Ltd (廣東粵海控股集團有限公司), respectively, as at December 31, 2022.

GDH Ltd is incorporated in the HKSAR while Guangdong Holdings Ltd is incorporated in the PRC.

Mr Chen Ben Guang (陳本光), the Chairman of the Board of Directors of GDH Guangnan (Holdings) Ltd, on or about Thursday, March 30, 2023, informed the Company’s shareholders of the following intelligence, under the heading: ‘**BUSINESS DEVELOPMENT**’.

*‘I am pleased to report to the shareholders that GDH Guangnan (Holdings) Limited (the “**Company**”) and its subsidiaries (together “the Group”) recorded a consolidated revenue of HK\$8,311,752,000, representing an increase of HK\$3,456,185,000 or 71.2% from HK\$4,855,567,000 in 2021. Profit from operations was HK\$277,034,000, representing an increase of HK\$121,732,000 or 78.4% from HK\$155,302,000 in 2021. Consolidated profit attributable to equity shareholders of the Company was HK\$135,673,000 in 2022, representing an increase of 151.0% compared with HK\$54,062,000 in 2021. The basic earnings per share was HK 14.9 cents, representing an increase of 148.3% from HK 6.0 cents in 2021.*

*‘The Board of Directors of the Company (the “**Board**”) recommends the payment of a final dividend of HK 2.0 cents per share for the year 2022. The abovementioned final dividend for 2022, subject to the approval by the shareholders of the Company at the annual general meeting, is expected to be paid on 18 July 2023.*

‘BUSINESS DEVELOPMENT

*‘As for the fresh and live foodstuffs business, the Group will, standing on a new development stage to implement new development philosophy, accelerate the optimisation and restructuring of its capital deployment to continuously improve the quality and efficiency of its capital resources allocation, in a bid to strengthen, enhance and expand the fresh and live foodstuffs business. Moreover, the Group will further consolidate the development foundation of the wholesale and retail trade business and focus on grasping the development opportunities of modern agriculture. Focusing on the “**vegetable basket**” market in the Guangdong-Hong Kong-Macao Greater Bay Area, the Group will invest in the construction of an integrated industrial chain operation platform of “livestock and poultry breeding – slaughter and processing – cold chain distribution – fresh marketing”, cultivate new profit growth points, establish a multi-level sales channel system, and explore new business models such as e-commerce and new food retail, so as to achieve leapfrog development in the entire chain of fresh products. Guided by market demand and supported by scientific and technological innovation, the Group will accelerate the transformation of the development mode of the fresh and live foodstuffs industry, optimise the structural layout of the fresh and live foodstuffs industry and enhance the comprehensive production and service capabilities and core competitiveness of the fresh and live foodstuffs industry.*

*‘For new investment and operation projects, in the first half of year 2022, the slaughterhouse in Nanhai District, Foshan City commenced operation, and pushed ahead with the work on slaughter lines, meat product processing in an orderly manner. In strict accordance with the meat inspection requirements of the government authorities, the Company comprehensively strengthened the supervision of meat product quality, strictly implemented the relevant inspection and quarantine systems, providing consumers with safe and quality fresh or processed products and achieving stable and profitable operation. In the second half of the year 2022, the Group acquired the equity interest of GDH Food (Zhuhai) Company Limited (粵海食品[珠海]有限公司) (formerly known as Zhuhai Yue Guang Feng Investment Company Limited [珠海粵廣豐投資有限公司]) (“**GDH Food Zhuhai**”) and Brilliant Food Products Limited (澤興食品有限公司) (“**Brilliant Food**”), as well as purchased an industrial building property in Chai Wan, so as to deepen the layout of the slaughtering industry, further extend the downstream processing and wholesale and retail chain.*

‘In respect of the tinplating business, the Group adheres to the customer-oriented, innovation-driven development strategy, continues to improve the core competitiveness of the Group’s product quality, craftsmanship and technology, and builds itself into the most reliable tinplate supply chain service provider for customers. By deeply exploring market information, understanding the operation of customers, expanding the development of new customers, and fully satisfying customer needs, the Group ensures the full utilisation of production capacity and further enhances corporate competitiveness. Adhering to the profit-oriented marketing strategy, the Group strengthens the information exchange among marketing teams and industry peers, and works together with them to refine the prediction of business trends and analysis, so as to balance the business structure. By continuously paying attention to the market condition, improving the ability to predict, and adjusts the pace of material procurement in a scientific manner, the negative impact of the decline of commodity prices also has been effectively dealt with...

‘PROSPECTS

‘Currently, the international environment was featured with increasing and severe uncertainties. With the unpredictable evolvement of crisis in Ukraine, the slowdown of worldwide economic growth caused by the frequent interest rate rises by the Federal Reserve (of The Government of The United States of America) and other unexpected factors, Chinese economy encountered increasing stress on economic downturn. Against the recession risk of global economy, the Group will face some challenges in its operation.

‘In the face of the downward pressure on the global economy, and the risks and challenges faced by the fresh and live foodstuffs and tinplating business, the Group will continue to strengthen control in business operations and risk prevention, adjust business strategies in a timely manner and expand new business growth points while ensuring business stability, so as to ensure the continuous growth of the Group’s operating results. Leveraging on its sound financial strategy and abundant cash flows, the Group will seize every development opportunity in the Guangdong-Hong Kong- Macao Greater Bay Area with an aim to enhance its scale of corporate revenue and profitability, thereby maximizing value for its shareholders.’

The core businesses of GDH Guangnan (Holdings) Ltd include the following:

1. The distribution and trading of fresh and live foodstuffs, as well as the provision of slaughtering services;
2. The operations of pig farming and the distribution of live pigs;
3. The tinplating segment is engaged in the production and sales of tinplate and related products; and,

4. The property leasing segment is engaged in the leasing of office and industrial premises in order to generate rental income.

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