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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)

DISCLOSEABLE TRANSACTION IN RELATION TO FORMATION OF PROJECT COMPANY

FORMATION OF THE PROJECT COMPANY

On 27 December 2024, GDH Food Foshan and Mengli Shuixiang entered into the Cooperation Agreement for the establishment of a company as a modern, high-standard slaughter enterprise in Lishui Town, Nanhai District, Foshan City, the PRC. The Project Company's registered capital of RMB90 million shall be contributed by GDH Food Foshan as to 65% and by Mengli Shuixiang as to 35%. The Project Company will become a subsidiary of the Company upon its formation and its financial information will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the formation of the Project Company exceeds 5% but is less than 25% as determined in accordance with Rule 14.07 of the Listing Rules, the formation of the Project Company constitutes a discloseable transaction for the purpose of Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

FORMATION OF THE PROJECT COMPANY

The Company is pleased to announce that on 27 December 2024, GDH Food Foshan and Mengli Shuixiang entered into the Cooperation Agreement for the establishment of a company as a modern, high-standard slaughter enterprise in Lishui Town, Nanhai District, Foshan City, the PRC.

The Cooperation Agreement is in line with the practice of the PRC law. In particular, its principal terms are set out below:

Date

27 December 2024

Parties

- (i) GDH Food Foshan; and
- (ii) Mengli Shuixiang.

Objective

The parties to the Cooperation Agreement aim to establish the Project Company as a modern, high-standard slaughter enterprise in Lishui Town, Nanhai District, Foshan City, the PRC, to enhance mutual benefit and business development. It is intended that the Project Company will develop, construct and operate a slaughterhouse in Lishui Town, Nanhai District, Foshan City, the PRC.

Details of the Project Company

Proposed name:	粤海里水食品（佛山）有限公司 (GDH Lishui Food (Foshan) Co., Ltd.*) (subject to regulatory approval)
Organization type:	Limited liability company
Business scope:	Includes but not limited to food production, food sales, pig slaughtering, urban distribution services, cryogenic storage, and primary agricultural product purchase.
Registered capital:	RMB90 million

Capital contribution

The Project Company's registered capital of RMB90 million set out above shall be contributed by GDH Food Foshan as to 65% and by Mengli Shuixiang as to 35%.

Among the total registered capital, 15% of which shall be contributed by each party to the Cooperation Agreement within 30 days of the establishment of the Project Company. The remaining 85% of the capital contribution amount shall be contributed by each party to the Cooperation Agreement by 31 December 2025 (subject to an earlier contribution date of 15 days prior to the deadline for the bidding of the land intended to be acquired by the Project Company, if such land bidding will take place earlier than 31 December 2025).

The amount of capital contribution was determined after arm's length negotiations between the parties to the Cooperation Agreement with reference to the preliminary business plan and expected requirements of the Project Company. The capital contribution to be made by GDH Food Foshan will be funded by the internal resources of GDH Food Foshan.

If the Project Company needs to provide a guarantee for financing, the Project Company shall use its own assets for this purpose. If the Project Company does not have sufficient assets to provide the necessary guarantee, the parties to the Cooperation Agreement shall engage in further negotiations to arrive at a solution. If the parties to the Cooperation Agreement as shareholders are required to provide external guarantee for the Project Company, such guarantee will be provided in proportion to each party's actual capital contribution in the Project Company.

Governance structure

The shareholders of the Project Company may exercise voting rights at shareholders' meetings in proportional to their actual capital contributions.

The board of directors of the Project Company shall consist of five directors, of which three shall be appointed by GDH Food Foshan and two shall be appointed by Mengli Shuixiang. The chairman of the board, who is also the legal representative, shall be selected from GDH Food Foshan's appointees.

The management team of the Project Company shall initially consist of a general manager, three deputy general managers, and a financial controller. GDH Food Foshan may appoint the general manager, financial controller, and two deputy general managers, while Mengli Shuixiang may appoint one deputy general manager.

Distribution of profits

The Project Company shall distribute the distributable profits to its shareholders in proportion to the actual capital contribution. Not less than 50% of the distributable profits per year, after retaining an amount required for daily operations, repayment for such year of principal and interest for the loans and future investments and developments, shall be distributed to the shareholders.

Termination

The Cooperation Agreement may be terminated by mutual consent or if the Project Company's objectives become unachievable due to policy changes.

INFORMATION ON THE GROUP

The Company is a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange and is principally engaged in investment holding. The Group is principally engaged in the distribution and trading of fresh and live foodstuffs, provision of slaughtering service, manufacturing and sales of tinsplate products and property leasing.

INFORMATION ON GDH FOOD FOSHAN

GDH Food Foshan is a limited liability company established in the PRC and is principally engaged in the business of food production, food sales, livestock slaughtering, distribution and transportation services and cryogenic storage. GDH Food Foshan is owned as to 65% by GDH Guangnan Hong Company Limited (a wholly-owned subsidiary of the Company) and as to 35% by Nanhai Investment.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquires, save for Nanhai Investment's holding of the said 35% interest in GDH Food Foshan, Nanhai Investment and its ultimate beneficial owner (being the State-owned Assets Supervision and Administration Commission of Nanhai District of Foshan City* (佛山市南海區國有資產監督管理局)) are Independent Third Parties.

INFORMATION ON MENGLI SHUIXIANG

Mengli Shuixiang is a limited liability company established in the PRC and is principally engaged in, among other things, investment activities and other businesses involving lands and properties. The Company understands that the ultimate controller of Mengli Shuixiang is 佛山市南海區里水鎮公有資產管理辦公室 (Foshan City Nanhai District Lishui Town Public Assets Management Office*). To the best of the knowledge, information and belief

of the Directors and having made all reasonable enquiries, save for the relationship arising from the formation of the Project Company, each of Mengli Shuixiang and its ultimate controller is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE PROJECT COMPANY

The Group's strategy to strengthen, enhance and expand its fresh and live foodstuffs business involves accelerating the layout of the industrial chain and promoting the transformation and upgrading of traditional industries to enhance its core competitiveness.

In the first half of 2022, the Group's self-constructed slaughterhouse in Nanhai District, Foshan City commenced operation. This slaughterhouse, operated by GDH Food Foshan, has achieved significant results in establishing and upgrading slaughtering and processing production lines and technologies. Through the formation of the Project Company pursuant to the Cooperation Agreement, the Group anticipates a further increase in its operational scale in the Guangdong-Hong Kong-Macao Greater Bay Area. The Project Company is strategically located at the junction of Guangzhou City and Foshan City, Guangdong Province, placing it at the heart of the Guangdong-Hong Kong-Macao Greater Bay Area. This location offers a favourable geographical position, an excellent business environment, and broad market opportunities. This strategic move is expected to optimize the quality of the Group's resource allocation and, by leveraging the shared resources of the Greater Bay Area, to achieve slaughtering business scale synergy and enhance its overall operational effectiveness.

In view of Mengli Shuixiang's local resources and expertise, the Company believes that it is a suitable partner for the formation of the Project Company. Accordingly, the Company believes that the Project Company, which will become a subsidiary of the Company upon its formation and its financial information will be consolidated into the financial statements of the Group, will expand the Group's fresh and live foodstuffs business, thereby representing a good opportunity for the Group to further increase its market share and footprint in the Guangdong-Hong Kong-Macao Greater Bay Area and maximising value for the Shareholders.

The Directors consider that the formation of the Project Company and the terms of the Cooperation Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the formation of the Project Company exceeds 5% but is less than 25% as determined in accordance with Rule 14.07 of the Listing Rules, the formation of the Project Company constitutes a discloseable transaction for the purpose of Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	GDH Guangnan (Holdings) Limited (粵海廣南 (集團) 有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Cooperation Agreement”	the investment cooperation agreement (投資合作協議) entered into between GDH Food Foshan and Mengli Shuixiang dated 27 December 2024 in relation to the formation of the Project Company
“Director(s)”	the directors of the Company
“GDH Food Foshan”	粵海食品 (佛山) 有限公司 (GDH Food (Foshan) Co., Ltd*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	any person or company who is not a connected person of the Company and is a third party independent of the Company and its connected persons in accordance with the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mengli Shuixiang”	佛山市南海區夢里水鄉置業投資有限公司 (Foshan City Nanhai District Mengli Shuixiang Property Investment Co., Ltd.*), a company established in the PRC with limited liability
“Nanhai Investment”	廣東南海安全科技投資控股有限公司 (Guangdong Nanhai Security Technology Investment Holdings Company Limited*), a company established in the PRC
“PRC”	the People’s Republic of China
“Project Company”	the company as contemplated under the Cooperation Agreement, as described in the section headed “Formation of the Project Company” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“%”	per cent

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00=HK\$1.0828 has been used, where applicable, for purpose of illustration only and it does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

** The English translation of the Chinese names of the relevant entities and rules included in this announcement is prepared for identification purpose only. In the event of any inconsistency, the Chinese name shall prevail.*

By order of the Board
GDH Guangnan (Holdings) Limited
Chen Benguang
Chairman

Hong Kong, 27 December 2024

As at the date of this announcement, the Board is composed of three Executive Directors, namely Mr. Chen Benguang, Mr. Yang Zhe and Mr. Chau Wang Kei; two Non-Executive Directors, namely Mr. Wang Longhai and Ms. Yu Huijuan; and three Independent Non-Executive Directors, namely Mr. Gerard Joseph McMahon, Mr. Li Kar Keung, Caspar and Dr. Wong Yau Kar, David.