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粵海廣南(集團)有限公司

GDH GUANGNAN (HOLDINGS) LIMITED

(Incorporated in the Hong Kong with limited liability)

(Stock Code: 01203)

DISCLOSEABLE TRANSACTION ACQUISITION OF LAND USE RIGHTS IN FOSHAN, THE PRC

ACQUISITION OF LAND USE RIGHTS

Reference is made to the announcement of the Company dated 22 December 2020 in relation to the subscription of 65% equity interest in GDH Food Foshan.

The Board is pleased to announce that, on 9 April 2021, GDH Food Foshan, a subsidiary of the Company, has successfully won the bid for the land use rights of the Land in Foshan City (佛山市), Guangdong Province, the PRC for a total consideration of RMB60,000,000 (equivalent to approximately HK\$70,992,000) and entered into the Confirmation Letter with Foshan Public Resources Center as a result of the successful bidding.

THE LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios for the Land Acquisition exceeds 5% but are all less than 25%, the Land Acquisition constitutes a discloseable transaction of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

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The Land Use Rights Grant Contract will be entered into by GDH Food Foshan and Foshan Natural Resources Bureau within ten business days from the date of the Confirmation Letter.

The major terms of the Confirmation Letter are set out as follows:

Date: 9 April 2021

Parties: (i) GDH Food Foshan, a subsidiary of the Company
(ii) Foshan Public Resources Center, a public institution appointed by Foshan Natural Resources Bureau and is responsible for the public auction of the Land

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Foshan Public Resources Center, Foshan Natural Resources Bureau and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected person(s).

Information relating to the Land:

The Land is located at the south of Changxing Road*(長興路) and the north of Guangsan Expressway* (廣三高速), Changhongling Industrial Park* (長虹嶺工業園區) of Shishan Town* (獅山鎮), Nanhai District (南海區), Foshan City (佛山市), Guangdong Province, the PRC (Parcel No. YDCR44060500601632). The Land has a total site area of approximately 34,368.60 sq.m. The plot ratio of the Land shall range from no less than 1.5 to no more than 3. The Land is for industrial use. The term of the land use rights of the Land for industrial use is 50 years.

Consideration:

GDH Food Foshan has won the bid for the land use rights of the Land for a total consideration of RMB60,000,000 (equivalent to approximately HK\$70,992,000) (“**Consideration**”).

GDH Food Foshan has remitted an amount of RMB12,000,000 (equivalent to approximately HK\$14,198,400) as deposit (“**Deposit**”) for the bid for the land use rights of the Land. The Deposit will form and be converted to part of the Consideration within five business days of the submission of the Nanhai District, Foshan City Notice on Payment of Non-tax Revenue (《佛山市南海區非稅收入繳款通知書》) and authorization letter regarding the said conversion of Deposit by GDH Food Foshan. The payment of the remainder of the Consideration shall be made within 30 days after the entering into of the Land Use Rights Grant Contract.

The Consideration represents the bid price for the land use rights of the Land, which was determined by GDH Food Foshan after taking into account the base price of the bidding, current market conditions, location of the Land, and land price(s) in the surrounding area.

The Group expects that it will finance the Consideration by its internal resources.

REASONS FOR AND BENEFITS OF THE LAND ACQUISITION

Reference is made to the announcement of the Company dated 22 December 2020 in relation to the subscription of 65% equity interest in GDH Food Foshan. As disclosed in the said announcement, GDH Food Foshan undertakes modern and high standard slaughterhouse construction projects in Nanhai District, Foshan City, the PRC. It is expected that a slaughterhouse and the related facilities, including the main factory, animal quarantine inspection building, research and development building, office building, firefighting centre, firefighting pool, etc. will be constructed on the Land.

The Land is situated in a prime location within 10 kilometers from Shishan Town* (獅山鎮) Exit of Guangsan Expressway*(廣三高速). Cargo trucks can reach the slaughterhouse quickly by using the highway for the transportation of livestock. Furthermore, as the Land is close to several large-scale wholesale markets, meat products from the slaughterhouse can be delivered to the customers efficiently. In addition, the Land is located in an industrial park which is away from residential and commercial areas, minimizing any impact of noise or air pollution from the projects on local residents.

Through the Land Acquisition and the said projects, the Group shall be able to establish a stable and unified mechanism regarding farming, slaughtering, processing, cold chain logistics and product sales. It shall also facilitate the Group's branding development and promote production-marketing integration so as to better serve the customers in the Nanhai District and the Guangdong-Hong Kong-Macao Greater Bay Area for their demand of quality meat products. In the future, the chilled meat produced by the slaughterhouse of GDH Food Foshan can be used for supply to Hong Kong, thereby enhancing the Group's market competitiveness in the live and foodstuff business.

Having taken into account the above factors, the Directors believe that the Land Acquisition is beneficial to the Company and the Shareholders as a whole, and the Land is considered suitable for the business development of the Group. The Directors also consider that the terms of the Land Acquisition are on normal commercial terms, and are fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

The Group is principally engaged in the manufacture and sale of tinsplates and related products, leasing of properties, distribution and sales of fresh and live foodstuffs and foodstuffs trading.

GDH Food Foshan is a company established with limited liability in the PRC and is owned as to 65% by the Company and 35% by Xinying Enterprise. GDH Food Foshan is principally engaged in the business of food production, food business, livestock slaughtering, city distribution and transportation services, road cargo transportation, low temperature storage and manure treatment of livestock and poultry.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Xinying Enterprise's holding of the said 35% interest in GDH Food Foshan, Xinying Enterprise 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 third parties independent of and not connected with the Company and its connected person(s).

INFORMATION ON THE COUNTERPARTY OF THE CONFIRMATION LETTER

Foshan Natural Resources Bureau is a department of Foshan City government which is in charge of the urban renewal of Foshan City, Guangdong Province, the PRC. Foshan Public Resources Center is a public institution appointed by Foshan Natural Resources Bureau and is responsible for the public auctions in respect of state-owned land in Foshan City, Guangdong Province, the PRC (including the Land), as well as the vetting of documentation for land purchases made via such auctions.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios for the Land Acquisition exceeds 5% but are all less than 25%, the Land Acquisition constitutes a discloseable transaction of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings 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;
“Confirmation Letter”	the confirmation letter (《佛山市公共資源交易成交確認書》) entered into between GDH Food Foshan and the Foshan Public Resources Center on 9 April 2021 as a result of the successful bidding of the Land;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	has the meaning ascribed to it under the section headed “Acquisition of land use rights – Consideration” in this announcement;
“Deposit”	has the meaning ascribed to it under the section headed “Acquisition of land use rights – Consideration” in this announcement;
“Directors”	the directors of the Company;

“Foshan Natural Resources Bureau”	佛山市自然資源局 (Foshan Natural Resources Bureau*), a department of the Foshan City government;
“Foshan Public Resources Center”	佛山市公共資源交易中心南海分中心 (Foshan Public Resources Exchange Center, Nanhan Branch*), a business unit of the Foshan City government;
GDH Food Foshan	粵海食品 (佛山) 有限公司 (GDH Food (Foshan) Co., Ltd*) (formerly known as 佛山市南海潤圓食品有限公司), a company established in the PRC and a 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;
“Land”	two pieces of land located at the south of Changxing Road*(長興路) and the north of Guangsan Expressway* (廣三高速), Changhongling Industrial Park* (長虹嶺工業園區) of Shishan Town* (獅山鎮), Nanhai District (南海區), Foshan City (佛山市), Guangdong Province, the PRC (Parcel No. YDCR44060500601632), with a total site area of approximately 34,368.60 sq.m.;
“Land Acquisition”	the acquisition of land use rights of the Land through public bidding process;
“Land Use Rights Grant Contract”	the State-owned Construction Land Use Rights Grant Contracts (《國有建設用地使用權出讓合同》) to be entered into by GDH Food Foshan and Foshan Natural Resources Bureau in respect of the Land Acquisition;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	the shareholders of the Company;
“sq.m.”	square metre(s);

“Stock Exchange” The Stock Exchange of Hong Kong Limited;

“Xinying Enterprise” 佛山市南海區信盈企業策劃總公司 (Foshan City Nanhai District Xinying Enterprise Planning Corporation*), a company established in the PRC; and

“%” per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00=HK\$1.1832 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 name of the relevant company 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
Chen Benguang
Chairman

Hong Kong, 12 April 2021

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.