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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
ACQUISITION OF PROPERTY

PROVISIONAL AGREEMENT FOR SALE AND PURCHASE

The Board is pleased to announce that the Purchaser (a direct wholly-owned subsidiary of the Company), the Agent and the Vendor entered into the Provisional Agreement for Sale and Purchase, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property at a Consideration of HK\$52,800,000. The Consideration shall be satisfied in cash by the Purchaser.

LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratio(s) calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but are exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that the Purchaser (a direct wholly-owned subsidiary of the Company), the Agent and the Vendor entered into the Provisional Agreement for Sale and Purchase, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property at a Consideration of HK\$52,800,000. The Consideration shall be satisfied in cash by the Purchaser.

THE PROVISIONAL AGREEMENT FOR SALE AND PURCHASE

The principal terms of the Provisional Agreement for Sale and Purchase are set out below:

Date:

10 November 2022

Parties:

- (1) the Purchaser, a wholly-owned subsidiary of the Company;
- (2) the Vendor, an Independent Third Party;
- (3) the Agent, an Independent Third Party.

Terms

Pursuant to the Provisional Agreement for Sale and Purchase, the Vendor, the sole legal and beneficial owner of the Property, agrees to sell and the Purchaser (or its nominee(s) or sub-purchaser(s)) agrees to purchase, through the Agent, the Property free from encumbrances.

The Vendor and the Purchaser will enter into the Formal Agreement for Sale and Purchase on or before 23 November 2022.

The Property

The Property is situated at Unit 5, 2/F, Chai Wan Industrial City Phase II, No. 70 Wing Tai Road, Hong Kong.

The Property is a factory unit with a gross floor area of approximately 11,252 square feet. It is intended to be used as the new food processing and storage centre, including frozen meat storage, chilled meat processing and prefabricated dishes production etc. for the Group's expanding food retailing and trading business in Hong Kong.

Consideration

The Consideration payable for the Acquisition is HK\$52,800,000, and shall be payable by the Purchaser to the Vendor in the following manner:

- a) an initial deposit of HK\$2,640,000 has been paid by the Purchaser to the Vendor upon signing of the Provisional Agreement for Sale and Purchase;
- b) a further deposit of HK\$2,640,000 shall be payable by the Purchaser to the Vendor upon signing of the Formal Agreement for Sale and Purchase on or before 23 November 2022; and
- c) the balance of the Consideration of HK\$47,520,000 shall be payable by the Purchaser to the Vendor on or before Completion in the manner stipulated in the Formal Agreement for Sale and Purchase.

The Consideration will be satisfied in cash from the internal resources of the Group.

The Consideration was determined after arm's length negotiations between the Parties on normal commercial terms with reference to, among other things, (i) the prevailing market prices of industrial properties of similar nature and size available in the localities, based on information obtained by the Group; and (ii) the current Hong Kong property market conditions. In determining the Consideration, the Company has taken into account the valuation of the Property in open market. As such, the Board is of the view that the Consideration is fair and reasonable and in the interests of the Company and Shareholders as a whole.

Completion

Subject to the terms of the Provisional Agreement for Sale and Purchase, the Vendor and the Purchaser will enter into the Formal Agreement for Sale and Purchase on or before 23 November 2022. It is expected that the Completion will take place on or before 30 December 2022.

INFORMATION ON THE GROUP

The Group is principally engaged in the distribution and trading of fresh and live foodstuffs and provision of slaughtering service, manufacturing and sales of tinsplate products and property leasing.

INFORMATION ON THE PURCHASER

The Purchaser is a direct wholly-owned subsidiary of the Company and is principally engaged in distribution and sales of fresh and live foodstuffs and foodstuffs trading.

INFORMATION ON THE VENDOR

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquires, the Vendor is a company incorporated in Hong Kong with limited liability, which is principally engaged in investment; and is ultimately wholly-owned by Lee Jun Yu, Bennet.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the distribution and trading of fresh and live foodstuffs and provision of slaughtering service, manufacturing and sales of tinplate products and property leasing. The Purchaser, being a direct wholly-owned subsidiary of the Company, has been engaging in the distribution and sales of fresh and live foodstuffs in Hong Kong since 1980s. To seize the development opportunities of the Greater Bay Area, the Purchaser intends to further enhance its presence in the “vegetable basket” market in Hong Kong. The Acquisition will provide the Purchaser with a permanent location in the hub of Hong Kong to establish its regional full-chain production lines comprising foodstuffs production, quality inspection and testing, sorting and packaging, cold storage and preservation, warehouse and so forth.

The Group currently intends to incur approximately HK\$15,770,000 in relation to the purchase of equipment and construction of factory facilities for the Property after Completion, subject to the finalisation.

Having considered the above, the Directors, including the independent non-executive Directors, therefore consider that the Acquisition is conducted through arm’s length negotiation between the parties on normal commercial terms, and the terms of the Provisional Agreement for Sale and Purchase are fair and reasonable, and the entering into of the Provisional Agreement for Sale and Purchase is in the interests of the Company and the Shareholders as a whole.

No Director has any material interest in the Acquisition and was required to abstain from voting on the Board resolutions approving the Acquisition and the entering into of the Provisional Agreement for Sale and Purchase by the Purchaser.

LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratio(s) calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but are exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor under the Provisional Agreement for Sale and Purchase;
“Agent”	Golden Fortune Estate Co.;
“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 (stock code: 01203);
“Completion”	the completion of the Acquisition in accordance with the terms of the Provisional Agreement for Sale and Purchase and the Formal Agreement for Sale and Purchase;
“Consideration”	a consideration of HK\$52,800,000 payable by the Purchaser to the Vendor pursuant to the Acquisition;
“Director(s)”	the director(s) of the Company;
“Formal Agreement for Sale and Purchase”	the formal sale and purchase agreement to be entered into between the Parties on or before 23 November 2022 in relation to the Acquisition;
“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(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties 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 as amended from time to time;
“Parties”	the Vendor, the Agent and the Purchaser, being the parties to the Provisional Agreement for Sale and Purchase;
“Percentage Ratios”	has the same meaning as ascribed to it under the Listing Rules;
“PRC”	the People’s Republic of China;
“Property”	a property located at Unit 5, 2/F, Chai Wan Industrial City Phase II, No. 70 Wing Tai Road, Hong Kong;
“Provisional Agreement for Sale and Purchase”	the provisional agreement for sale and purchase dated 10 November 2022 entered into between the Parties in relation to the Acquisition;
“Purchaser”	GDH Guangnan Hong Company Limited, a direct wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability;
“Shares”	shares of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Vendor” Courtza Investment Limited, a company incorporated in Hong Kong with limited liability, and an Independent Third Party; and

“%” per cent.

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

Hong Kong, 11 November 2022

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; 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.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.