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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)

**INSIDE INFORMATION**  
**COMMENCEMENT OF PUBLIC TENDER IN RELATION TO**  
**POTENTIAL DISPOSAL OF 40% EQUITY INTEREST IN A**  
**JOINT VENTURE COMPANY**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

**THE POTENTIAL DISPOSAL**

Reference is made to the announcement of the Company dated 3 March 2020 in respect of the potential disposal of the Sale Equity (being all the equity interest in Yellow Dragon held by the Company) by way of public tender on the Guangdong United Assets and Equity Exchange. As disclosed in the 2019 annual report and 2020 interim report of the Company, such public tender was still in progress as at the respective reporting dates. Such public tender has subsequently ceased due to the lack of bidder.

The Board announces that the Company, together with certain other holders of equity interest in Yellow Dragon (namely, 鏗昌有限公司 (Green Charm Limited) and 中糧生化能源(公主嶺)有限公司 (COFCO Biochemical Energy (Gongzhuling) Limited\*), being Independent Third Parties which hold 57.136% and 2.295% of the equity interest in Yellow Dragon, respectively, as at the date of this announcement), intend to dispose of their respective equity interest in Yellow Dragon. Since the equity interest in Yellow Dragon is State-owned asset, the potential sale of the said equity interest (representing an aggregate of 99.431% equity interest in Yellow Dragon) will be conducted by way of the Public Tender on the China Beijing Equity Exchange in accordance with the relevant rules and regulations concerning the disposal of State-owned assets. The initial Public Tender will commence on 13 December 2021 and expire on 10 January 2022.

The notice of the Public Tender in relation to the said potential sale, which contains details of the Public Tender in relation to the said potential sale, has been published on the website of China Beijing Equity Exchange at [https://www.cbex.com.cn/xm/cqzr/zspl/202112/t20211210\\_102777.html](https://www.cbex.com.cn/xm/cqzr/zspl/202112/t20211210_102777.html).

The initial bidding price for the said potential sale is RMB298,800,700 (equivalent to approximately HK\$365,314,000), which is determined with reference to the Appraised Value. The corresponding portion of initial bidding price to the Sale Equity is approximately RMB120,204,000 (equivalent to approximately HK\$146,961,000). The final consideration will depend on the final bid price offered by the successful bidder. In the event that there is no bidder for the equity interest under the Public Tender upon expiry of the said initial auction period, the Sellers may make relevant adjustments in respect of the Public Tender and extend such period.

### **POTENTIAL LISTING RULES IMPLICATIONS**

Based on a preliminary assessment of the information currently available to the Company, and taking into account the initial bidding price corresponding to the Sale Equity, certain of the applicable percentage ratios as set out in the Listing Rules in relation to the Potential Disposal are expected to be more than 5% but less than 25%. Thus, the Potential Disposal, if materialized, may constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Further announcement(s) in relation to the Potential Disposal will be made by the Company in compliance with the Listing Rules as and when necessary.

**As the Potential Disposal may or may not materialize, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

### **THE POTENTIAL DISPOSAL**

Reference is made to the announcement of the Company dated 3 March 2020 in respect of the potential disposal of the Sale Equity (being all the equity interest in Yellow Dragon held by the Company) by way of public tender on the Guangdong United Assets and Equity Exchange. As disclosed in the 2019 annual report and 2020 interim report of the Company, such public tender was still in progress as at the respective reporting dates. Such public tender has subsequently ceased due to the lack of bidder.

The Board announces that the Company, together with certain other holders of equity interest in Yellow Dragon (namely, 鏗昌有限公司 (Green Charm Limited) and 中糧生化能源(公主嶺)有限公司 (COFCO Biochemical Energy (Gongzhuling) Limited\*) being Independent Third Parties which hold 57.136% and 2.295% of the equity interest in Yellow Dragon, respectively, as at the date of this announcement), intend to dispose of their respective equity interest in Yellow Dragon. Since the equity interest in Yellow Dragon is State-owned asset, the potential sale of the said equity interest (representing an aggregate of

99.431% equity interest in Yellow Dragon) will be conducted by way of the Public Tender on the China Beijing Equity Exchange in accordance with the relevant rules and regulations concerning the disposal of State-owned assets. The initial Public Tender will commence on 13 December 2021 and expire on 10 January 2022.

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The initial bidding price for the said potential sale is RMB298,800,700 (equivalent to approximately HK\$365,314,000), which is determined with reference to the appraised value of Yellow Dragon by an independent valuer in the amount of approximately RMB300,510,600 (equivalent to approximately HK\$367,404,000) as at 30 September 2021 (the “**Appraised Value**”) and the proportion of equity interest of Yellow Dragon to be disposed of under the Public Tender. The corresponding portion of initial bidding price to the Sale Equity is approximately RMB120,204,000 (equivalent to approximately HK\$146,961,000). The final consideration will depend on the final bid price offered by the successful bidder. In the event that there is no bidder for the equity interest under the Public Tender upon expiry of the said initial auction period, the Sellers may make relevant adjustments in respect of the Public Tender and extend such period.

## **INFORMATION ON YELLOW DRAGON**

Yellow Dragon is principally engaged in the business of the production of starch and starch products, starch sugar, edible vegetable oil; other by-products; technical development and information consulting of grain (corn) storage, sales, logistics, packaging and related industries. As at the date of this announcement, Yellow Dragon is owned as to (i) 40% by the Company, and (ii) 57.136% by 鏗昌有限公司 (Green Charm Limited), 2.295% by 中糧生化能源(公主嶺)有限公司 (COFCO Biochemical Energy (Gongzhuling) Limited\*) and 0.569% by certain other entity (being Independent Third Parties). After the completion of the Potential Disposal (if completed), the Company will cease to have any interest in Yellow Dragon.

## **REASONS FOR AND THE BENEFITS OF THE POTENTIAL DISPOSAL**

The Group is principally engaged in the manufacture and sale of tinplates and related products, distribution, sales of fresh and live foodstuffs and foodstuffs trading and leasing of properties. Since the principal business of Yellow Dragon as disclosed above is not closely related to that of the Company, and its losses have been expanding in this year, the Company intends to withdraw its investment from Yellow Dragon. The Potential Disposal is expected to improve the Company’s financial position and generate additional cash inflow, which would enhance the Group’s ability to acquire or invest in other projects.

## **POTENTIAL LISTING RULES IMPLICATIONS**

Based on a preliminary assessment of the information currently available to the Company, and taking into account the initial bidding price corresponding to the Sale Equity, certain of the applicable percentage ratios as set out in the Listing Rules in relation to the Potential Disposal are expected to be more than 5% but less than 25%. Thus, the Potential Disposal,

if materialized, may constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Further announcement(s) in relation to the Potential Disposal will be made by the Company in compliance with the Listing Rules as and when necessary.

**As the Potential Disposal may or may not materialize, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

“Appraised Value”	has the meaning ascribed to it under the section headed “The Potential Disposal” in this announcement
“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
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	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 Rule
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Potential Disposal”	the Company’s intended disposal of the Sale Equity
“Public Tender”	the public tender process for the potential disposal of 99.431% equity interest in Yellow Dragon on the China Beijing Equity Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity”	40% of the equity interest in Yellow Dragon
“Sellers”	the Company, 鏗昌有限公司 (Green Charm Limited) and 中糧生化能源 (公主嶺) 有限公司 (COFCO Biochemical Energy (Gongzhuling) Limited*)
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“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
“Yellow Dragon”	黃龍食品工業有限公司 (Yellow Dragon Food Industry Co., Ltd*), a company established in the PRC with limited liability
“%”	Percent

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.2226 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, 10 December 2021

*As at the date of this announcement, the Board is composed of three executive directors, namely Mr. Chen Benguang, Mr. He Jinzhou 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.*