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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)

VOLUNTARY ANNOUNCEMENT LIQUIDATE AN ASSOCIATE

The Board wishes to announce that on 9 August 2022, the Board has resolved to voluntarily liquidate Yellow Dragon in accordance with Company Law of the People's Republic of China. Yellow Dragon is an associate of the Company.

The Board expects that the liquidation of Yellow Dragon will have no material adverse effect on the business or financial position of the Group.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.

This announcement is made by GDH Guangnan (Holdings) Limited (the “**Company**”, together with its subsidiaries (the “**Group**”)) on a voluntary basis.

Reference is made to the announcement of the Company dated 14 July 2022 in respect of proposal to liquidate 黃龍食品工業有限公司 (Yellow Dragon Food Industry Co., Ltd.*, “**Yellow Dragon**”), an associate of the Company (the “**First Announcement**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the First Announcement.

The Board wishes to announce that on 9 August 2022, the Board has resolved to voluntarily liquidate Yellow Dragon in accordance with Company Law of the People's Republic of China. Yellow Dragon is an associate of the Company.

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 other entity (being an Independent Third Party).

Based on the unaudited management accounts of Yellow Dragon prepared in accordance with generally accepted accounting principles in the PRC, the unaudited loss before tax of Yellow Dragon for the three months ended 31 March 2022 was approximately RMB10,880,000 (equivalent to approximately HK\$12,664,000) and the unaudited net asset value of Yellow Dragon as at 31 March 2022 was approximately RMB192,443,000 (equivalent to approximately HK\$224,004,000).

The Company holds 40% of the equity interest in Yellow Dragon, which is an associate of the Company.

REASONS FOR THE VOLUNTARY LIQUIDATION OF YELLOW DRAGON

The Company is principally engaged in investment holding. The subsidiaries of the Company are primarily 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.

As disclosed in the first quarter results announcement for 2022 of the Company, a continuing loss was recorded in Yellow Dragon. The Group's share of loss from this associate for the first quarter of 2022 was HK\$5,346,000.

The Company intended to dispose of its equity interest in Yellow Dragon through public tender on the GuangDong United Assets and Equity Exchange and China Beijing Equity Exchange on March 2020 and December 2021, respectively. Such public tenders have subsequently ceased due to the lack of bidder.

The Board believes that it is in the best interests of the Company and the Shareholders as a whole to voluntarily liquidate Yellow Dragon. This is a move which could help reduce the Group's operation risk under the current volatile market conditions, enabling it to allocate more resources and management efforts on its other businesses to support the sustainable growth of the Group. The Board further confirms that the business of the Company is in normal operation as usual.

FINANCIAL EFFECT OF THE VOLUNTARY LIQUIDATION OF YELLOW DRAGON ON THE GROUP

The Board expects that the liquidation of Yellow Dragon will have no material adverse effect on the business or financial position of the Group.

Yellow Dragon will cease to be an associate of the Company upon the completion of the liquidation process.

Further announcement(s) will be made by the Company as and when appropriate in respect of any material progress regarding the liquidation of Yellow Dragon (if any). Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00=HK\$1.1640 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 name of the PRC entity is a translation of its Chinese name and is included herein 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, 9 August 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.