

Due Diligence Report

Project Number: 50050-004
July 2017

PRC: Guangxi Regional Cooperation and Integration Promotion Investment Program – Tranche 2

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**ADB Funded Guangxi Regional Cooperation and
Integration Promotion Investment Program (Tranche**

**Qinzhou International Cold-Chain Logistics Demonstration
Subproject (# 6)**

Land Acquisition and Resettlement Due Diligence Report

**Guangxi Qinbao Investment Group Co., Ltd.
May 2017**

1. INTRODUCTION

1.1. Subproject Background

1. Qinzhou Bonded Port Zone is the key International channel that connects Guangxi with ASEAN. The channel is the core strategic fulcrum of development in South-west and Central-South regions of the PRC, and the first-tier gateway to connect with the 'Belt and Road' Initiative. As a result, International Cold-Chain Logistics Demonstration subproject provides an excellent platform regional cooperation.

2. The Qinzhou International Cold-Chain Logistics Demonstration Subproject is one of the subprojects of the ADB- funded Guangxi Regional Cooperation and Integration Promotion Investment Program (Tranche 2). The subproject implementation agency or entity (PIE) is the Guangxi QinBao Investment Group Ltd.

3. The subproject will not have any land acquisition or resettlement impacts as the entire area required for the subproject is state-owned land reclaimed from the seabed. However, in order to ensure that there are no any outstanding issues pertaining to land use and legal status of the land the PIE conducted a land acquisition and resettlement due diligence of the subproject.

1.2. Subproject Components and Land Requirements

4. The subproject is located on the H-11 plots of the second and third phases of the Qinzhou Bonded Port. The total construction area of the subproject is 45,000 square meters: 10,000 square meters for the warehouse; 10,000 square meters for constant temperature controlled warehouse; 10,000 square meters for normal warehouse and cold chain processing workshops; 5,000 square meters for office area and distribution system; and 10,000 square meters for cold chain inspection platform, refrigeration container yard, and ordinary yard and other ancillary facilities.

2. TYPE OF LAND USED FOR THE SUBPROJECT

2.1. Type of Land

5. The subproject covers an area of 5.67 hectares (*85 mu out of 105 mu in planning*). The entire land area required for the subproject was the land that was reclaimed from the sea.

2.2. Land Permission Process

6. On 28 October 2016, the Construction Management Office of the Guangxi Qinzhou Bonded Port Management Committee examined the subproject site and approved it as suitable, based on the finding that the subproject meets the requirements of the State Industrial Policy

and Land Supply Policy, and that the site selection was done following appropriate procedures. .



Figure 1: Site of the Subproject

7. On 28 October 2016, the Guangxi Qinzhou Bonded Port Management Committee issued the Document No. [2016]2, namely 'Notice on Approval of Land Pre-examination of Qinzhou International Cold-Chain Logistics Demonstration Project.' The Notice stated that the proposed land use of the subproject meets the Land Use Planning Procedures of the Qinzhou Bonded Port (2006-2020), and complies with the National Industrial Policy and Land Use Policy. The Committed permitted the pre-examination of the construction site.

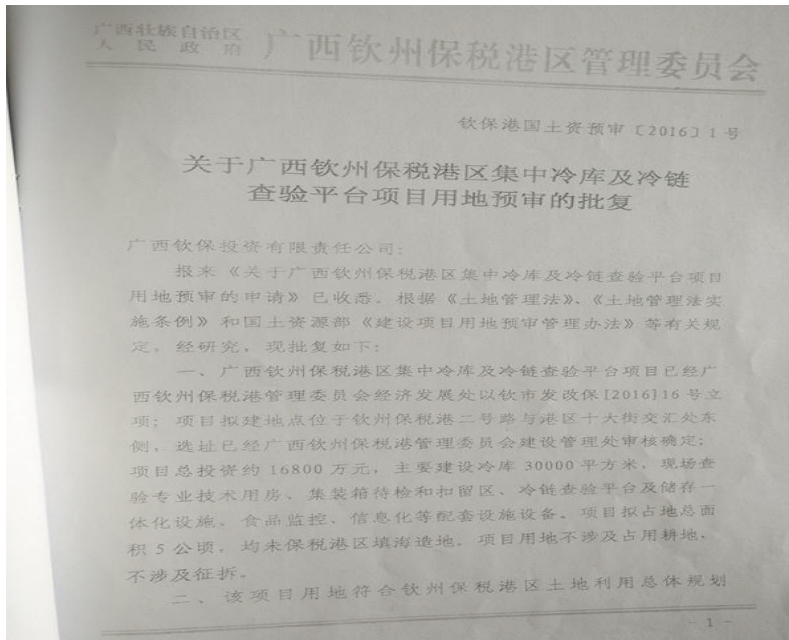


Figure 2: Notice of Land Pre-examination

2.3. Sea Bed Reclamation Process.

8. The subproject is located in the Gangrun Pollution-free Vegetables Processing Zone in the Qinzhou Bonded Port Zone. On April 3, 2009, the Guangxi Autonomous Region Government sought the approval for land reclamation from the sea, as per the Master Plan of Sea Use from the State Oceanic Administration (China Sea [2009] No. 188). On 9 September

2010, the State Oceanic Administration approved the application to reclaim 48.5063 ha¹ of land from the seabed (GUI Zheng Letter No.[2010] 223).

9. Sea land reclamation began in September 2010 and completed in April 2011. On 25 November 2011, the Guangxi Zhuang Autonomous Region Maritime Bureau held a 'completion and acceptance' conference in Nanning City on the sea reclamation project of the Gangrun Pollution-free Vegetables Processing Zone of Qinzhou Bonded Port.. Five experts and representatives from relevant agencies and units participated in this conference. After a detailed review, the project passed the acceptance test of sea reclamation on 2 March, 2012, conducted by the Guangxi Zhuang Autonomous Region Marine Bureau (Guangxi Sea letter, No. [2012]51).

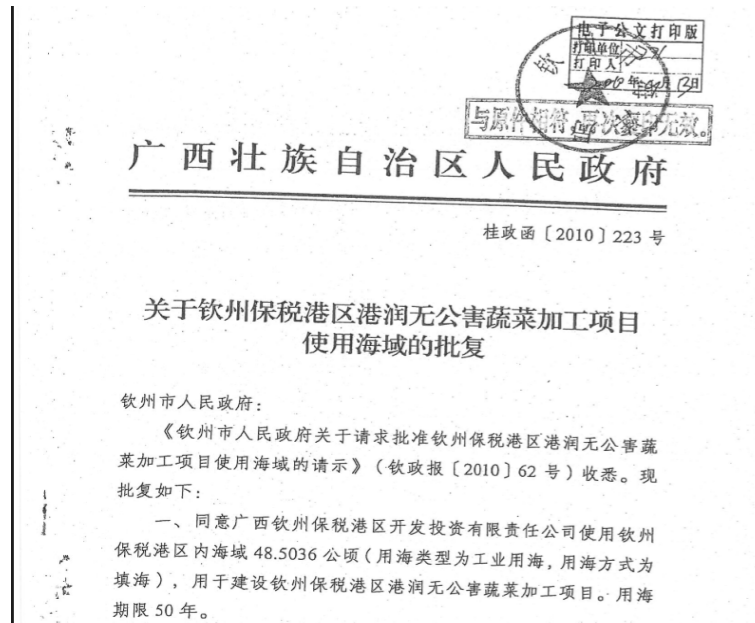


Figure 3: Approval of Sea Use

¹ Note: The land used by this subproject is only part of the large land parcel reclaimed from seabed.

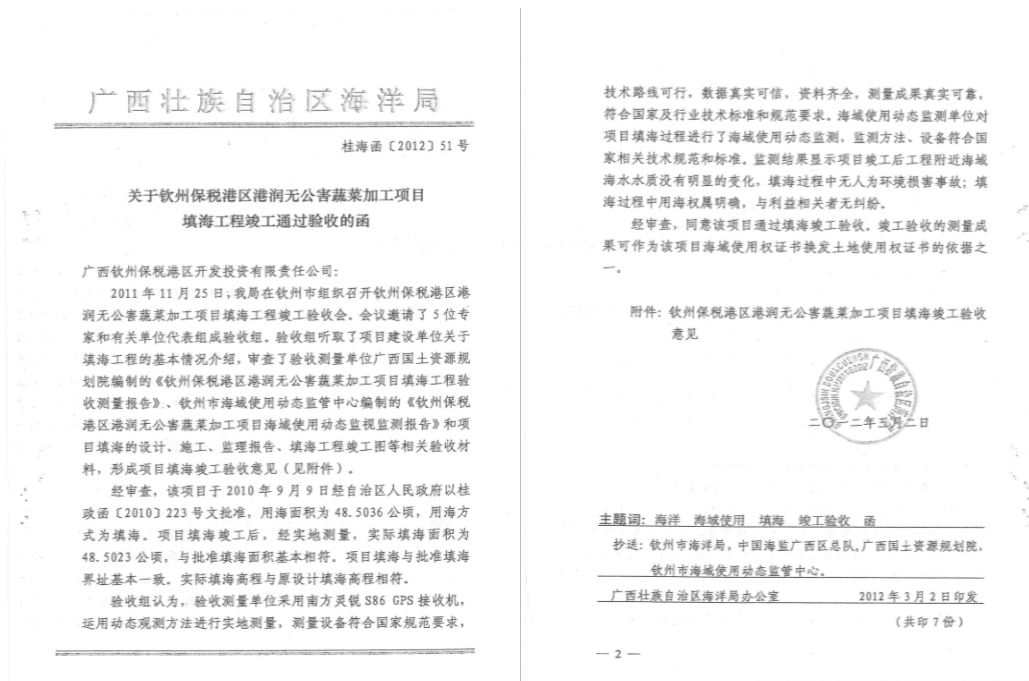


Figure 4: Acceptance Letter of Sea Reclamation

2.4. Status of Land Use Right

10. The Guangxi Qinbao Investment Group Ltd., has not yet obtained the land use right of the land. It's committed by PIE that through a public bidding process they will complete the necessary procedures of land use right transfer and obtain the formal land use certificate by the end of August, 2017.

3. CONCLUSION AND RECOMMENDATION

3.1. Conclusion

11. The proposed Qinzhou International Cold-Chain Logistics Demonstration Subproject will obtain the full land use rights of the 5.67 hectares of state-owned land by the end of August 2017 that was reclaimed from sea. Therefore, the subproject does not require any land acquisition and resettlement of people. There are no land ownership disputes. The land that will be used for the Cold-Chain Logistics Demonstration Subproject is without any encumbrances. The subproject will not adversely affect any person, household, a community or a collective. The subproject, therefore, will need no plan for land acquisition, compensation payment and income restoration and improvement.

3.2. Recommendation

12. It is recommended that the Qinzhou International Cold-Chain Logistics Demonstration Subproject need to obtain the formal land use certificate as scheduled through a public

bidding process. Meanwhile, they need to use the land carefully and prudently so that it could save land as much as possible for future use.