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**GUANGDONG - HONG KONG GREATER BAY AREA
HOLDINGS LIMITED**

粵港灣控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1396)

**SUPPLEMENTAL ANNOUNCEMENT ON
DISCLOSEABLE TRANSACTION
IN RELATION TO THE DISPOSAL OF THE TARGET INTEREST**

Reference is made to the announcement of Guangdong – Hong Kong Greater Bay Area Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 4 December 2024 in relation to the Disposal (the “**Announcement**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise defined.

The Board wishes to provide the Shareholders and potential investors of the Company with additional information in relation to the Disposal, in particular, the details of the valuation (the “**Valuation**”) of the consolidated net asset value of the Target Group attributable to the Company as at 30 September 2024 (the “**Reference Date**”), as follows:

THE VALUATION

As disclosed in the Announcement, the Consideration was determined after arm’s length negotiations between the Company and the Purchaser and on normal commercial terms with reference to, amongst other things, the Valuation. The Valuation was prepared by Moore Transaction Services Limited, which is the independent valuer (the “**Valuer**”) engaged by the Company for the Valuation, and according to the valuation report dated 4 December 2024 prepared by the Valuer (the “**Valuation Report**”), the market value of the Target Interest as at the Reference Date was approximately RMB33.9 million (equivalent to approximately HK\$36.3 million).

Valuation Methodology

According to the Valuation Report, the Valuer has considered all commonly adopted valuation approaches in the market (namely asset-based approach, market approach and income approach) for the purpose of determining the market value of the Target Interest as at the Reference Date.

With respect to market approach, it has not been adopted due to its inability to account for the Target Group’s firm-specific factor, such as lack of a reliable projection of economic stream in the future periods and net loss position for the Target Group, and accordingly, it would be highly unlikely to identify comparable companies with similar business status, and to derive useful financial multiples to compare with the representative industry benchmarks. Thus, market approach is not appropriate in arriving at the market value of the Target Group.

With respect to income approach, it has not been adopted owing to the high sensitivity to the inputs derived from the cash flow projection and the discount rate adopted. Any significant changes in the assumptions could drastically impact the market value, and with the high degree of uncertainty regarding the future economic benefits of the Target Group, reliable financial projections may not be available. Therefore, the income approach was not adopted.

In light of the above, asset-based approach was at last picked as the valuation methodology for the Valuation. The asset-based approach provides an indication of value based on the principle that the assets and liabilities as a whole represents the value of a company. The assumption is that when each of the elements of working capital, tangible and intangible assets, are individually valued, their sum represents the value of a company and equals to the value of its invested capital.

Major Assumptions

The following major assumptions have been adopted by the Valuer to support its conclusion towards the Valuation, including but not limited to:

- Principal businesses of the Target Group will not change significantly in the foreseeable future;
- There will be no major changes in the political, legal, fiscal, technological, economic and market conditions in the localities in which the Target Group operates or intends to operate;
- There will be no major changes in the current taxation laws in the localities in which the Target Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no material changes in the relevant market return, market risk, interest rates and exchange rates that would impact the Target Group's business operation;
- The Target Group has obtained all necessary permits, business certificates, licenses and legal approvals to operate the business and all relevant permits, business certificates, licenses and legal approvals to operate the business in the localities in which the Target Group operates or intends to operate would be officially obtained and renewable upon expiry;
- The Target Group will continue to operate as a going concern and the core operation of the Target Group will not differ materially from those of present or expected;
- The information and estimates provided and the representations made regarding the Target Group's financial and business affairs are accurate and reliable; and
- There are neither undisclosed assets/liabilities or unusual obligations/ substantial commitments, other than normal business courses as reflected in financial statements of the Target Group, nor any litigation issues pending or threatened as of the Reference Date, would have significant impact on the values of the Target Group.

Market Value of the Target Interest

According to the Valuation Report, the market value as at the Reference Date, being RMB33,900,000.0, was arrived under adjusted net asset value method under asset-based approach, with the summation of the values of the Target Interest being appraised and by employing the "assets minus liabilities".

As at the Reference Date, (i) the book value and the appraised market value of the total assets of the Target Group were approximately RMB2,246.5 million (equivalent to approximately HK\$2,403.8 million) and RMB2,503.8 million (equivalent to approximately HK\$2,679.1 million), respectively; and (ii) the book value and the appraised market value of the total liabilities of the Target Group were approximately RMB2,397.5 million (equivalent to approximately HK\$2,565.3 million) and RMB2,469.9 million (equivalent to approximately HK\$2,642.8 million), respectively.

Taking into account of the above, the book value of the net assets of the Target Interest was approximately -RMB151.0 million (equivalent to approximately -HK\$161.6 million) and the market value of the net asset value of the Target Interest was approximately RMB33.9 million (equivalent to approximately HK\$36.3 million).

The material difference between the net book value and the appraised market value of the Target Interest as at the Reference Date (the “**Difference**”) is attributable to the value appreciation of inventory (being lands and other properties and accounted for approximately 63% of the total assets value), which has been valued by market approach, under the assumption of sale in its existing state with the benefit of vacant possession and by referring to comparable sales evidence as available in the relevant market or historical sales records. Appropriate adjustments have been made to account for the differences between the property items under inventory and their comparables in terms of time, size, location and other relevant factors. An upward adjustment of RMB289.0 million (equivalent to approximately HK\$309.3 million) had been made accordingly in the Valuation.

Other key reasons for the Difference were the adjustment of -RMB94.6 million (equivalent to approximately -HK\$101.2 million) in aggregate attributable to (i) the deferred tax assets, which were deemed to be not recoverable and thus written off; and (ii) the deferred tax liabilities arose from the market value change of the Target Group.

BOARD’S ASSESSMENT ON THE VALUATION

Given the above, together with thorough consideration on the valuation methodology adopted and the valuation assumptions made by the Valuer, the Board is of the view that the Valuation is fair and reasonable, and it serves as a fair and reasonable reference to the Consideration for the Disposal.

By order of the Board
Guangdong – Hong Kong Greater Bay Area Holdings Limited
LUO Jieping
Chairman and Executive Director

Hong Kong, 10 December 2024

For the purpose of this announcement, the exchange rate of RMB1.00 to HK\$1.07 have been used for currency translation, where applicable. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.

As at the date of this announcement, the executive Directors of the Company are Mr. Luo Jieping, Mr. Wong Choi Hing, Mr. Cai Hongwen, Mr. He Fei and Ms. Wei Haiyan, the non-executive Director of the Company is Mr. Zeng Yunshu and the independent non-executive Directors of the Company are Mr. Guan Huanfei, Mr. Han Qinchun and Mr. Chen Yangsheng.