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)

DISCLOSEABLE TRANSACTION
DISPOSAL OF THE TARGET INTEREST

DISPOSAL OF THE TARGET INTEREST

On 25 April 2025 (after trading hours of the Stock Exchange), the Vendor, a direct wholly-owned subsidiary of the Company, entered into the SPA with the Purchaser in relation to the Disposal, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire the Target Interest, at the consideration of HK$50.0 million.

Upon the Completion, the Group will no longer hold any equity interest in the Target Company. The Target Group will cease to be accounted as subsidiaries of the Group and the financial results of the Target Group will cease to be consolidated into the financial results of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and are therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

DISPOSAL OF THE TARGET INTEREST

On 25 April 2025 (after trading hours of the Stock Exchange), the Vendor, a direct wholly-owned subsidiary of the Company, entered into the SPA with the Purchaser in relation to the Disposal, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire the Target Interest, at the consideration of HK$50.0 million.

Upon the Completion, the Group will no longer hold any equity interest in the Target Company. The Target Group will cease to be accounted as subsidiaries of the Group and the financial results of the Target Group will cease to be consolidated into the financial results of the Group.

THE SPA

The principal terms of the SPA are set out as follows:

Date	25 April 2025 (after trading hours of the Stock Exchange)
Parties	(i) the Vendor, a direct wholly-owned subsidiary of the Company; and (ii) the Purchaser
Subject assets to be disposed	Pursuant to the SPA, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Target Interest, which represented the entire issued share capital of the Target Company and the equity interests in the subsidiaries owned by the Target Company.
Consideration	The consideration of HK$50.0 million for the Disposal was determined after arm's length negotiations between the Vendor and the Purchaser and on normal commercial terms with reference to (i) the financial information of the Target Group as set out in the sub-section headed "The Target Company and the Target Group" under the section headed "INFORMATION OF THE PARTIES" of this announcement; (ii) the consolidated net asset value of the Target Group attributable to the Company in the amount of approximately RMB44.9 million (equivalent to approximately HK$48.0 million) according to the Valuation prepared by the Valuer using the asset-based approach, as at the Reference Date; and (iii) the benefits that will be brought to the Group by the Disposal as provided in the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" in this announcement. The Consideration should be paid in cash according to the following stages: (a) as to HK$5.0 million to be paid as the deposit (the "**Security Deposit**") within one (1) month upon entering into the SPA, such amount will be equivalent to 10% of the Consideration; (b) as to HK$10.0 million to be paid within four (4) months upon entering into the SPA, such amount will be equivalent to 20% of the Consideration. The Security Deposit shall automatically be converted as part of the Consideration; and (c) as to HK$15.0 million to be paid within seven (7) months upon entering into the SPA, such amount will be equivalent to 30% of the Consideration; and (d) as to HK$20.0 million to be paid within one (1) year upon entering into the SPA, such amount will be equivalent to 40% of the Consideration.

Conditions Precedent

Completion shall be conditional upon and subject to the fulfillment and satisfaction of the following conditions precedent of the SPA, unless the fulfilling party of the relevant condition(s) precedent is granted waiver of its fulfilment in writing by the other party of the SPA:

(a) the Purchaser having completed and being satisfied with the due diligence on the Target Group;

(b) the Purchaser having paid at least 50% of the Consideration for the Disposal;

(c) the Purchaser having been registered as the owner of the Target Interest;

(d) the Vendor, the Purchaser and the Target Group completing their respective legal procedures for the Disposal, including but not limited to obtaining resolutions approving the SPA, the Disposal and the transactions contemplated thereunder in compliance with (i) the relevant laws, rules and regulations; and (ii) their respective articles of association; and

(e) any warranties to be given by the Vendor and the Purchaser remaining true, accurate and not misleading.

The Vendor and the Purchaser shall use their respective reasonable endeavours to ensure that the conditions precedent above shall be fulfilled on or before the Long Stop Date. If the conditions precedent of the SPA have not been satisfied or waived (as the case may be) on or before the Long Stop Date (or a postponed date as may be agreed in writing among the Vendor and the Purchaser), the SPA shall be automatically terminated, save and except for certain provisions which shall remain in full force and effect including confidentiality, liability for breach of contract, liability of taxes and expenses, applicable laws and dispute resolution.

If it is the Vendor’s failure to fulfill any of the conditions precedent above and it leads to the termination taken place as abovementioned, the Security Deposit shall be refunded in full without interest by the Vendor to the Purchaser, and alternatively, if it is the Purchaser’s failure, the Security Deposit shall be forfeited by the Vendor as damages.

Completion

The Completion is expected to take place after the fulfillment (or waiver, as the case may be) of the Conditions Precedent and shall be no later than the Long Stop Date.

Upon the Completion, the Group will no longer hold any equity interest in the Target Company. The Target Group will cease to be accounted as subsidiaries of the Group and the financial results of the Target Group will cease to be consolidated into the financial results of the Group.

THE VALUATION

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 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 RMB44.9 million (equivalent to approximately HK$48.0 million), 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 RMB1,315.7 million (equivalent to approximately HK$1,407.8 million) and RMB1,315.1 million (equivalent to approximately HK$1,407.1 million), respectively; and (ii) the book value and the appraised market value of the total liabilities of the Target Group were both approximately RMB1,270.2 million (equivalent to approximately HK$1,359.1 million).

Taking into account of the above, the book value of the net assets of the Target Interest was approximately RMB45.5 million (equivalent to approximately HK$48.7 million) and the market value of the net asset value of the Target Interest was approximately RMB44.9 million (equivalent to approximately HK$48.0 million).

The difference between the net book value and the appraised market value of the Target Interest as at the Reference Date (the "**Difference**") amounted to approximately RMB0.6 million (equivalent to approximately HK$0.7 million) is attributable to (i) the value appreciation of inventory (being properties held for sale and accounted for approximately 77.6% 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 properties under inventory and their comparables in terms of time, size, location and other relevant factors. An upward adjustment of RMB12.5 million (equivalent to approximately HK$13.4 million) had been made accordingly in the Valuation; and (ii) the deferred tax assets amounted to RMB13.1 million (equivalent to approximately HK$14.0 million), which were deemed to be not recoverable and thus written off.

BOARD'S ASSESSMENT ON THE VALUATION

According to the Valuation Report, the market value as at the Reference Date, being RMB44.9 million (equivalent to approximately HK$48.0 million), 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 adjusted net asset value method, i.e. "assets minus liabilities".

As at the Reference Date, the book value and the appraised market value of the net assets of the Target Group were approximately RMB45.5 million (equivalent to approximately HK$48.7 million) and RMB44.9 million (equivalent to approximately HK$48.0 million). The Board noted no material differences between the book value and the appraised market value for net assets of the Target Group.

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.

INFORMATION OF THE PARTIES

The Company, The Group and The Vendor

The Company is a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange. The Group is principally engaged in the development, sales and operation of residential properties, commercial trade and logistics centers in the PRC.

The Vendor is a direct wholly-owned subsidiary of the Company and principally engaged in investment holding.

The Purchaser

The Purchaser is a company incorporated in the BVI with limited liability which is principally engaged in investment holding. To the best knowledge, information and belief of the Board and after making all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

The Target Company and the Target Group

The Target Company is a company incorporated in the BVI with limited liability and principally engaged in investment holding. The Target Interest represent the entire issued share capital of the Target Company and the equity interests in the subsidiaries owned by the Target Company. As at the date of this announcement and prior to the Completion, the Target Company is an indirect wholly-owned subsidiary of the Company. The Target Group is principally engaged in the development, sales and operation of properties in the city of Dongguan, located in the province of Guangdong, PRC.

Set out below is the financial information of the Target Group as extracted from its unaudited consolidated financial statements for the financial years ended 31 December 2023 and 31 December 2024 respectively:

	For the year ended 31 December 2024 (RMB'000) (approximately) ***(unaudited)***	**For the year ended 31 December 2023 (RMB'000) (approximately)** ***(unaudited)***
(Loss) before tax	(566,855)	(76,184)
(Loss) after tax	(576,059)	(59,368)

Based on the unaudited consolidated financial statements of the Target Group for the year ended 31 December 2024, the Target Group recorded net assets in the amount of approximately RMB45.5 million (equivalent to approximately HK$ 48.7million) as at 31 December 2024.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Generally, the real estates market of the PRC continues to decline despite the frequent implementation of housing support policies since 2023. A continuous drop of property price in Dongguan and prolonged capital recovery cycle in the domestic market has also presented severe challenges to all aspects of the local real estate industry, leading to the poor financial performance of the Target Group. As the Target Group currently owns a certain number of unsold properties, combining with the effect of current sales prices falling below cost and a prolonged sell-through cycle, the Target Group is unable to generate net operating cash flow on its own, requiring the Group to continuously inject funds to maintain the normal operation of the Target Group, putting further strain to the Group' s cash flow situation. Furthermore, the Target Group recorded unaudited losses for the past two financial years.

In view of the dismal business prospect of the Target Group, and with prudent assessments on the above, the Disposal represents a good opportunity for the Company to realise its investment in the Target Group with the recovery of cash so as to improve the Group's liquidity, and given that subsequent to the Disposal, the Group will no longer record the operating losses of the Target Group, the overall financial performance and position of the Group is anticipated to improve.

Having considered the above, the Directors are of the view that the terms of the SPA are on normal commercial terms and are fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

Upon the Completion, it is estimated that the Group will record a gain of disposal of subsidiaries approximately RMB1.2 million (equivalent to approximately HK$1.3 million). Such gain is estimated based on the difference between (i) the Consideration; and (ii) the unaudited total net assets of the Target Group in the amount of approximately RMB45.5 million (equivalent to approximately HK$48.7 million) as at 31 December 2024. The actual amount of gain or loss of disposal of subsidiaries to be recorded by the Group will be subject to the review by the auditor of the Company.

After deducting the expenses relating to the Disposal, it is expected that there will be net proceeds in the amount of approximately HK$49.8 million from the Disposal. As at the date of this announcement, it is intended that (i) approximately 10% of such net proceeds shall be utilised for interest payment of the bank borrowings and loans; (ii) approximately 50% of such net proceeds shall be utilised for the construction amount payment; and (iii) the remaining of such net proceeds shall be utilised for general working capital of the Group including staff cost, administrative expenses, selling expenses and other office overhead of the Group.

As the timely delivery of properties to the purchasers is a target which the Group placed utmost importance, to achieve such target for the construction projects of the Group, it is important for the Group to pay the ongoing construction costs recognised throughout the construction period of the properties (including but not limited to material costs, sub-contracting fees and other costs incurred from engaging suppliers and sub-contractors of the Group at the commencement of the construction of properties) from the net proceeds indicated above. Furthermore, a portion of the net proceeds aforementioned will be utilised for the repayment of the bank borrowings and loans to reduce the ongoing interest expenses of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and are therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Company"	Guangdong – Hong Kong Greater Bay Area Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1396)
"Completion"	the completion of the Disposal under the SPA
"connected person(s)"	has the meaning ascribed thereto in the Listing Rules

"Consideration"	the total consideration for the Disposal pursuant to the SPA
"Director(s)"	the director(s) of the Company
"Disposal"	the sale of the Target Interest by the Vendor to the Purchaser pursuant to the terms of the SPA
"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 Party(ies)"	third party(ies) independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	one hundred and eighty (180) days after entering into the SPA
"PRC"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
"Purchaser"	Perfect Current Investment Limited, a company incorporated in the BVI with limited liability principally engaged in investment holding and is ultimately and beneficially owned by Mr. Li Guangning (a PRC resident and a merchant) as at the date of this announcement. To the best of knowledge, information and belief of the Directors and after making all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties
"Reference Date"	31 December 2024
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	the ordinary share(s) of par value of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s) from time to time
"SPA"	the agreement dated 25 April 2025 entered into between the Purchaser and the Vendor in relation to the Disposal
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Target Company"	Faith Channel Limited, a company incorporated in the BVI with limited liability and principally engaged in investment holding, and an indirect wholly-owned subsidiary of the Company as at the date of this announcement

"Target Group"	Target Company and its subsidiaries as at the date of this announcement
"Target Interest"	the entire issued share capital in the Target Company and the equity interests in the subsidiaries owned by the Target Company
"Valuation"	the valuation of the consolidated net asset value of the Target Group attributable to the Company as at the Reference Date using the asset-based approach
"Valuation Report"	the valuation report dated 25 April 2025 prepared by the Valuer
"Valuer"	Moore Transaction Services Limited, an independent valuer engaged by the Company to carry out the Valuation
"Vendor"	Precise First Limited, a company incorporated in the BVI with limited liability and principally engaged in investment holding, and a direct wholly-owned subsidiary of the Company as at the date of this announcement
"%"	per cent

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

Hong Kong, 25 April 2025

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. He Fei and Ms. Wei Haiyan, and the independent non-executive Directors of the Company are Mr. Guan Huanfei, Mr. Han Qinchun and Mr. Chen Yangsheng.