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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)

**CONNECTED TRANSACTION
DISPOSAL OF THE TARGET INTEREST**

INTRODUCTION

The Board is pleased to announce that on 16 February 2022 (after trading hours), the Company (as the vendor), and the Purchaser had entered into the Share Transfer Agreement, pursuant to which, the Company has agreed to sell, and the Purchaser has agreed to acquire, the Target Interest (representing 70% equity interest in the Target Company) at the Consideration of HK\$33,000,000. Upon completion of the Disposal, the Company will hold 30% interest in the Target Company. The Target Company will no longer be a subsidiary of the Company, and the financial results the Target Group will no longer be consolidated into the Group's consolidated financial statements.

THE SHARE TRANSFER AGREEMENT

The principal terms of the Share Transfer Agreement are set out below:

Date: 16 February 2022

Parties: (i) the Company (as the vendor); and
(ii) the Purchaser (as the purchaser).

Subject assets to be disposed: The Target Interest (representing 70% equity interest in the Target Company).

Consideration and payment terms: HK\$33,000,000, to be paid by the Purchaser in cash.

Completion: The completion of the Disposal is expected to take place on or before 30 April 2022.

BASIS OF THE CONSIDERATION

The Consideration of the Disposal was arrived at after arm's length negotiations between the Purchaser and the Company and on normal commercial terms, taking into consideration, without limitation, (i) the entire of the unaudited consolidated net asset value of the Target Group attributable to the Company as at 31 December 2021, based on the 51% interest in Jiangxi Hydoo, amounting to approximately RMB38.2 million (equivalent to approximately HK\$46.8 million); (ii) the valuation of the entire consolidated net asset value of the Target Group attributable to the Company as at 31 December 2021 prepared by an independent valuer using the asset-based approach, based on the 51% interest in Jiangxi Hydoo, being approximately RMB30.0 million (equivalent to approximately HK\$36.8 million); and (iii) the cash flow and the benefits that will be brought to the Group by the Disposal as set out in the paragraph headed "Reasons for and Benefits of the Disposal".

GENERAL INFORMATION OF THE PARTIES

(I) The Purchaser

The Purchaser is a company incorporated under the laws of the Cayman Islands and is principally engaged in the business of investment holding.

(II) The Vendor

The Company is the vendor, a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1396), and is principally engaged in the development of residential and urban renewal projects in the Greater Bay Area.

(III) The Target Company and the Target Group

The Target Company is a company incorporated under the laws of the BVI with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Target Company is wholly-owned by the Company. The Target Company holds 100% interest in Hongkong Greater Bay Group, a company incorporated under the laws of Hong Kong with limited liability. In addition, Hongkong Greater Bay Group holds 51% interest in Jiangxi Hydoo, a company incorporated under the laws of the PRC with limited liability. Jiangxi Hydoo is principally engaged in property development. As the date of this announcement, Jiangxi Hydoo has not acquired any land.

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the unaudited consolidated financial information of the Target Group for the two years ended 31 December 2020 and 31 December 2021 based on the unaudited management accounts of the Target Group:

| | For the year ended 31 December | |
|----------------------|--------------------------------|----------------|
| | 2020 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (unaudited) | (unaudited) |
| Revenue | – | – |
| Loss before taxation | 11,503 | 26,301 |
| Loss after taxation | 11,503 | 26,301 |

Based on the unaudited management accounts of the Target Group, the entire of the unaudited consolidated net asset value of the Target Group attributable to the Company as at 31 December 2021, based on the 51% interest in Jiangxi Hydoo, was approximately RMB38.2 million (equivalent to approximately HK\$46.8 million).

REASONS FOR AND BENEFITS OF THE DISPOSAL

As one of the most open and economically dynamic regions in China, the Greater Bay Area has an important strategic position in China's overall development. Guided by the national strategy of development in the Greater Bay Area, the Group has upgraded its development strategy and focused on residential projects in the Greater Bay Area in the second half year of 2020. As a result, since 2021 the Group has strategically exited projects not located in the Greater Bay Area. Since the Nanchang Project is not located in the Greater Bay Area, the Disposal is in line with the Group's strategy.

The Board is of the view that the Disposal can help the Group quickly generate cashflow, optimize its debt ratio, and concentrate resources on developing projects in the Greater Bay Area to enhance its competitiveness in the Chinese real estate market.

Taking into consideration the benefits of the Disposal to the Group, the Directors (including the independent non-executive Directors) consider that, based on the foregoing, the terms and conditions of the Disposal, the Share Transfer Agreement, and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms and are in the interests of the Company and its shareholders as a whole.

FINANCIAL IMPACT ON THE GROUP AND USE OF PROCEEDS

Taking into account the Consideration and based on 70% of the unaudited consolidated net asset value of the Target Group attributable to the Company as at 31 December 2021, the gain arising from the Disposal to be recognised by the Group in its consolidated income statement is estimated at approximately HK\$245 thousand (equivalent to approximately RMB200 thousand) upon Completion.

The net proceeds from the Disposal of approximately HK\$33 million (after deducting expenses and relevant taxes) is intended to be used for general working capital purpose.

Following the completion of the Disposal, the Target Company will no longer be a subsidiary of the Company and its financial results will no longer be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Purchaser is wholly owned by Mr. Wong Kim, who is a son of Mr. Wong Choi Hing (the Chairman and non-executive Director of the Company), and the brother of Mr. Wang Dwen (an executive Director of the Company); hence the Purchaser is an associate of a connected person of the Company as defined under Rule 14A.12 of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14A.77 of the Listing Rules) for the Disposal exceed 0.1% but all are less than 5%, the Disposal is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules, but is subject to the notification and announcement requirements under Chapter 14A of the Listing Rules.

As the Purchaser is an associate of Mr. Wong Choi Hing (the Chairman and non-executive Director of the Company) and Mr. Wang Dwen (an executive Director of the Company), both of Mr. Wong Choi Hing and Mr. Wang Dwen are considered to have a material interest in the transactions contemplated under the Share Transfer Agreement. Therefore, they have abstained from voting on the relevant resolution at the board meeting. Save as disclosed, no other Director has any material interest in the transactions aforementioned or is required to abstain from voting on any resolution at any board meeting.

DEFINITION

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

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| “associate” | has the same meaning ascribed to it in the Listing Rules |
| “Board” | board of Directors |
| “BVI” | British Virgin Islands |
| “Company” | Guangdong – Hong Kong Greater Bay Area Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1396) |
| “Consideration” | the consideration payable to the Company by the Purchaser in respect of the Disposal |
| “Directors” | director(s) of the Company |
| “Disposal” | The disposal of the Target Interest by the Company to the Purchaser in accordance with the terms and conditions of the Share Transfer Agreement |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region |
| “Hongkong Greater Bay Group” | Hongkong Greater Bay Group Limited, a company incorporated under the laws of Hong Kong and is wholly owned by the Target Company |
| “Jiangxi Hydoo” | Jiangxi Hydoo City Industrial Development Co., Ltd., a company incorporated under the laws of the PRC and is owned as to 51% by Hongkong Greater Bay Group |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Nanchang Project” | the project to be developed by Jiangxi Hydoo, in Nanchang City, Jiangxi Province, PRC |

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|----------------------------|--|
| “PRC” | People’s Republic of China, which for the sole purpose of this announcement, shall exclude the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan |
| “Purchaser” | Hande Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, and is wholly owned by Mr. Wong Kim |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share Transfer Agreement” | the agreement dated 16 February 2022 entered into between the Purchaser and the Company in relation to the Disposal |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | Revere Effort Limited, a company incorporated under the laws of the BVI with limited liability and is wholly owned by the Company |
| “Target Group” | the Target Company and its subsidiaries |
| “Target Interest” | the 70% equity interest in the Target Company to be purchased by the Purchaser from the Company in accordance with the Share Transfer Agreement |
| “%” | per cent |

For the purpose of this announcement, the exchange rate of RMB1.00 to HK\$1.225 have been used for currency translation, where applicable. Such exchange rate has been used, where applicable, for illustrative purposes only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By order of the Board of
Guangdong – Hong Kong Greater Bay Area Holdings Limited
Chen Junyu
Co-Chairman and Executive Director

Hong Kong, 16 February 2022

As at the date of this announcement, the executive Directors are Mr. Chen Junyu, Mr. Yang Sanming, Mr. Cai Hongwen, Mr. Zeng Yunshu and Mr. Wang Dewen; the non-executive Director is Mr. Wong Choi Hing and the independent non-executive Directors are Mr. Lam Chi Yuen Nelson, Mr. Yue Zheng and Mr. Dai Yiyi.