THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Guangdong – Hong Kong Greater Bay Area Holdings Limited**, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

YOUNGO 粤港湾

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)

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF THE TARGET INTERESTS

Unless the context otherwise requires, all capitalized terms used on this cover page and in this circular have the meanings set out in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 4 to 13 of this circular.

The Disposal has been approved by written Shareholders' approval pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

30 November 2023

CONTENTS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

"Announcement"	the announcement of the Company dated 15 November 2023 in relation to the Share Transfer Agreement and the Disposal
"Board"	the board of Directors
"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)
"Completion"	the completion of the Disposal in accordance with the terms and conditions of the Share Transfer Agreement
"Completion Date"	the date of Completion
"Conditions Precedent"	the conditions precedent as set out in the Share Transfer Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total consideration of the Disposal pursuant to the Share Transfer Agreement
"Directors"	the directors of the Company
"Disposal"	the sale of the Target Interests by the Vendor to the Purchaser pursuant to the terms of the Share Transfer Agreement
"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

"Latest Practicable Date"	20 November 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Long Stop Date"	120 days after entering into the Share Transfer Agreement
"PRC"	the People's Republic of China (for the purpose of this circular, excluding the Macao Special Administrative Region of the PRC, Hong Kong and Taiwan)
"Purchaser"	Shenzhen Hong Zhan Investment Company Limited (深圳市弘展投資有限公司), a company established in the PRC with limited liability, and is ultimately and beneficially owned as to 100% by Liu Min, who is an Independent Third Party
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"Share(s)"	the ordinary shares with nominal value of HK$0.1 each of the Company
"Share Option Scheme"	the Company approved and adopted the share option scheme on 30 May 2019
"Share Transfer Agreement"	the share transfer agreement dated 15 November entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Target Interests
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	深圳市景真實業有限公司 (Shenzhen Jingzhen Industrial Company Limited), a company established in the PRC with limited liability, and is an indirect wholly owned subsidiary of the Company
"Target Group"	the Target Company and its subsidiaries which are established in the PRC

"Target Interests"	the entire equity interests in the Target Company
"US$"	United States dollars, the lawful currency of the United States of America
"Vendor"	深圳市毅德投資管理有限公司 (Shenzhen Hydoo Investment Management Company Limited), a company established in the PRC with limited liability, and is an indirect wholly-owned subsidiary of the Company
"%"	per cent

For the purpose of this circular, the exchange rate of RMB1.00 to HK$1.07 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.

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)

Executive Directors:
Mr. Luo Jieping *(Chairman)*
Mr. Wong Choi Hing *(Co-Chairman)*
Mr. Cai Hongwen *(Co-Chairman)*
Mr. He Fei *(CEO)*
Ms. Wei Haiyan

Non-executive Director:
Mr. Zeng Yunshu

Independent non-executive Directors:
Mr. Guan Huanfei
Mr. Han Qinchun
Mr. Chen Yangsheng

Registered Office:
PO Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

Headquarters:
Level 32, Block A
Hong Long Century Plaza
Luohu District
Shenzhen, PRC

Principal Place of Business in Hong Kong:
Unit 916, 9/F
China Merchants Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

30 November 2023

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF THE TARGET INTERESTS

INTRODUCTION

Reference is made to the Announcement dated 15 November 2023 in relation to the Share Transfer Agreement on the Disposal subject to the terms therein.

The purpose of this circular is to provide you with, among other things, (i) details of the Disposal; (ii) the valuation report of the Target Company and (iii) other information as required under the Listing Rules.

THE SHARE TRANSFER AGREEMENT

The principal terms of the Share Transfer Agreement are summarised as follows:

Date:	15 November 2023	
Parties:	(i)	the Vendor, an indirect wholly-owned subsidiary of the Company; and
	(ii)	the Purchaser

Subject assets to be disposed

The Target Interests, representing the entire equity interest in the Target Company.

Consideration

The total Consideration for the Target Interests is RMB52.0 million (equivalent to approximately HK$55.6 million).

The Consideration was arrived at after arm's length commercial negotiations between the Vendor and the Purchaser and on normal commercial terms, taking into consideration, without limitation, (i) the business information and the financial information of the Target Group for the years ended 2021, 2022 and the ten months ended 31 October 2023; (ii) the due diligence work of the Target Group being completed by the Purchaser; (iii) the preliminary valuation of the Target Company as at 30 June 2023 in the amount of approximately RMB52.0 million appraised by Moore Transaction Services Limited, an independent valuer, by adopting the price-to-earnings (P/E) multiple under the market approach, with the final valuation report of which set out in Appendix II to this circular; and (iv) 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".

Based on the valuation date as at 30 June 2023 and the financial results of the Target Company for the trailing 12 months (the second half of the year 2022 and the first half of the year 2023), the Consideration implies a P/E ratio of 6.32. The average of the P/E ratios of the comparable companies in the property management service industry as at 30 June 2023 is used as a reference, which is set forth in the following table:

No.	Stock Code	Company	Principal Business	Market Capitalisation *(million)*	P/E Ratio
1	9608	Sundy Service Group Co. Ltd	Provision of property management services, value-added services, community value-added services and other businesses in Zhejiang province	287	8.73
2	2376	Lushang Life Services Co., Ltd.	Provision of property management services, community value-added services and value-added services in Shandong province in the PRC	321	4.18
3	2107	First Service Holding Limited	Provision of property management services, community operation services, building technology consulting and research and development of products, energy station operation and maintenance in the PRC	518	12.55
4	2210	Beijing Capital Jiaye Property Services Co., Limited	Provision of property management services, value-added services and community value-added services in the PRC	329	2.88
5	1922	Yincheng Life Service Co., Ltd.	Provision of property management services and value-added services in Nanjing and Jiangsu province	420	3.94

No.	Stock Code	Company	Principal Business	Market Capitalisation *(million)*	P/E Ratio
6	2168	Kaisa Prosperity Holdings Limited	Provision of property management services, pre-delivery and consulting services, community value-added services and smart solution services in the PRC	374	4.00
			Average P/E Ratio		**6.05**

The Consideration is to be paid as follows:

(a) as to RMB5.2 million (equivalent to approximately HK$5.6 million) to be paid by the Purchaser to the Vendor in cash as the deposit (the "**Security Deposit**") within 1 month upon entering into the Share Transfer Agreement, which shall be equivalent to 10% of the Consideration;

(b) as to RMB46.8 million (equivalent to approximately HK$50.0 million) to be paid by the Purchaser to the Vendor in cash within 3 months upon entering into the Share Transfer Agreement, which shall be equivalent to 90% of the Consideration (the "**Remainder of the Consideration**"). The Security Deposit shall automatically be converted as part of the Consideration.

Conditions Precedent

Completion shall be conditional upon and subject to the fulfillment and satisfaction of the following Conditions Precedent:

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

(b) the Purchaser having paid the Consideration;

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

(d) the Vendor and the Purchaser having agreed on the staff arrangement for the Target Group;

(e) the Vendor, the Purchaser and the Target Group completing their respective legal procedures for the Disposal, including but not limited to obtaining internal resolutions approving the Disposal and the Share Transfer Agreement in accordance with the law and their respective articles of association and compliance with the relevant laws or regulations;

(f) the Company completing and obtaining all necessary internal and external approval procedures or approvals in accordance with the articles of association and Listing Rules, including the written Shareholder's approval from its controlling Shareholders approving the Disposal and the Share Transfer Agreement;

(g) the Vendor and the Purchaser obtaining all necessary consents, approvals, registration and filings from the third parties and such consents, approvals, registration and filings are in full force and effect;

(h) from the date of the Share Transfer Agreement up to the Completion Date, no event or fact unrelated to the Purchaser has caused or may cause a material adverse change to the Target Group;

(i) from the date of the Share Transfer Agreement up to the Completion Date, there are no lawsuit, arbitration, government investigation, compulsory measures or other similar proceedings that have been or may be initiated against the Vendor, the Purchaser or the Target Group and has or may have a material adverse effect on the Disposal and no governmental department shall have enacted, issued, promulgated, implemented, or passed any law or governmental order which would render the Disposal be restricted, prohibited or illegal;

(j) from the date of the Share Transfer Agreement up to the Completion Date, neither party has in breach of its obligations as stipulated in the Share Transfer Agreement; and

(k) 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 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 Share Transfer Agreement 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 the Vendor failed to fulfil any Conditions Precedent, the Security Deposit shall be refunded in full without interest by the Vendor to the Purchaser. If the Purchaser failed to fulfil any Conditions Precedent, the Security Deposit shall be forfeited to the Vendor as damages.

Completion

The Completion is expected to take place after the fulfillment of the Conditions Precedent and shall be no later than the Long Stop Date.

INFORMATION ON THE GROUP

The Group is principally engaged in the development of residential and urban renewal projects in the Greater Bay Area.

INFORMATION ON THE PARTIES

The Purchaser

The Purchaser is a company established under the laws of the PRC with limited liability and principally engaged in investment management business. As at the date of this circular, the Purchaser is ultimately and beneficially owned as to 100% by Liu Min, who is a PRC resident and a businessman with extensive experience in business management.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties and there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Purchaser, any of its directors and legal representatives and/or any ultimate beneficial owner(s) of the Purchaser who can exert influence on the transaction; and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiaries are involved in the transaction).

The Vendor

The Vendor is a company established under the laws of the PRC with limited liability and principally engaged in investment management business. It is an indirect wholly-owned subsidiary of the Company.

The Target Company and the Target Group

The Target Company is a company established under the laws of the PRC with limited liability and is principally engaged in industrial investment. As at the date of this circular, the Target Company is an indirect wholly-owned subsidiary of the Company and a wholly-owned subsidiary of the Vendor. The Target Group is principally engaged in the business of provision of property management services and commercial management services, and has several commercial property management projects and residential property management projects in the PRC. The Target Group provided property management services for most of the projects developed by the Group. As at the Latest Practicable Date, the property management services to the other projects developed by the Group, including Dongguan Dahu project, Dongguan Dajiang project, Dongguan Tangxia project, Yulin project and part of the Mianyang project, are provided by Independent Third Parties.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the financial information of the Target Group as extracted from its unaudited consolidated financial statements for the two financial years ended 31 December 2021 and 2022:

	For the year ended 31 December 2022 *RMB'000* (approximately) (unaudited)	For the year ended 31 December 2021 *RMB'000* (approximately) (unaudited)
Profit before taxation	12,920	16,348
Profit after taxation	12,917	16,300
Profit excluded non-recurring items	8,935	13,864

As at 31 October 2023, the unaudited consolidated net liabilities of the Target Group was approximately RMB18.0 million (equivalent to approximately HK$19.3 million).

The following table sets forth our unaudited consolidated net liabilities of the Target Group with line items in amounts as at 31 October 2023 indicated:

Items	**As at 31 October 2023** *RMB'000* (approximately) (unaudited)
Cash	9,426
Account and other receivables	17,489
Other current assets	4,649
Long term investment	180
Property, plant and equipment	309
Intangible assets	224
Deferred tax assets	216
Account and other payables	(46,249)
Tax and other payables	(4,265)
Net liabilities	(18,021)

REASONS FOR AND BENEFITS OF THE DISPOSAL

Affected by various unfavorable factors such as macro economy, real estate market environment and financial environment, and multiple rounds of epidemics, the Group's liquidity has experienced periodic problems. In light of this, the Group has enacted a wide range of measures including acceleration of sales and payment collection, acceleration of other receivables, disposal of assets, implementing stringent cost saving measures, and also launching several exchange offers and consent solicitations in relation to the oversea US$ senior notes in order to bolster liquidity.

While delivery of properties on time is the priority target of the Group at this stage and several projects of the Group should be delivered to the purchasers in the first half of the coming year according to the contracts. In order to settle the construction amounts to ensure the delivery of properties on time, as part of the efforts, the Group, therefore, is conducting the Disposal to provide more cash flow to pay the construction amounts and ensure timely delivery of the properties to purchasers. The total outstanding amount of construction amounts as at the Latest Practicable Date is approximately RMB2,100 million, among which, approximately RMB400 million (the "**Guarantee Delivery Construction Funds**") is to be settled before the end of the first half of 2024, to ensure the delivery of the properties on time.

As at 30 June 2023, the Group has available cash of approximately RMB145 million, which has been utilised for daily operation purpose including the payment of the construction amount, the payment of bank loan principal and interests, the payment of tax and other operating expenses. Due to the weak sales performance for the past several months, the daily sales amount collection will not be sufficient to cover the Guarantee Delivery Construction Funds. The Board considers that the Disposal is in line with the Group's strategy to improve its liquidity and stability.

In respect of the property development business of the Group, the Company will keep looking for appropriate potential property development project(s) which will benefit to the Company and Shareholders as a whole. However, due to uncertainty of the global economy, the uncertainty in the future PRC property market and the resources of the Company, the Company will consider carefully for any investment in the property development business which requires a significant amount of financial supporting, capital expenditure and time for completion.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Disposal provides a good opportunity for the Group to realise its investment in the Target Group and can help the Group to improve its overall financial position. The Directors consider that the Share Transfer Agreement has been made on normal commercial terms and in the ordinary and usual course of business of the Group; and its terms are fair and reasonable and as such the Disposal is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Company will cease to hold any interests in the Target Company and the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

A gain of approximately RMB70.0 million (equivalent to approximately HK$74.9 million) arising from the Disposal is expected to be recognized by the Group in its consolidated income statement, being the difference between (i) the Consideration; and (ii) the unaudited consolidated net liabilities of the Target Group attributable to the Company as at 31 October 2023. Such calculation is only an estimate provided for illustrative purposes and the accounting treatment of the Disposal will be subject to further review by the auditors of the Company.

The net proceeds arising from the Disposal will be approximately RMB51.5 million (after deducting other expenses in relation thereto) (equivalent to approximately HK$55.1 million), in which approximately 80% is intended to be used to pay for the construction amounts for the delivery of properties on time and approximately 20% is intended to be used for general working capital purpose.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal as calculated under Rule 14.07 of the Listing Rules exceed 25% but are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

Pursuant to Rule 14.44 of the Listing Rules, in lieu of resolutions to be passed at a general meeting of the Company, written Shareholders' approval for the Disposal has obtained from the controlling Shareholder, China Guangdong - Hong Kong Greater Bay Area Holdings Limited, which is holding 276,443,711 Shares of the Company, representing approximately 60.93% of the issued share capital of the Company as at the date of this circular. To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, none of the Shareholders has any material interest in the Disposal and therefore no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Disposal.

RECOMMENDATION

If the Company were to convene an extraordinary general meeting for the approval of the Disposal and voting was required, the Directors are of the view that the terms of the Share Transfer Agreement and the transactions contemplated thereunder have been negotiated on an arm's length basis and on commercial terms which are fair and reasonable, and are in the interests of the Shareholders and the Company as a whole.

Completion is subject to the fulfilment of the Conditions Precedent, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements for each of the three years ended 31 December 2020, 2021 and 2022 and the unaudited consolidated financial statements for the six months ended 30 June 2023 of the Company together with relevant notes thereto are disclosed in the following documents which have been published on both the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.youngogroup.com). Please refer to the hyperlinks as stated below:

- pages 78 to 238 of the annual report of the Company for the year ended 31 December 2020 published on 13 April 2021

  https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0413/2021041300710.pdf

- pages 64 to 228 of the annual report of the Company for the year ended 31 December 2021 published on 29 April 2022

  https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042904607.pdf

- pages 68 to 236 of the annual report of the Company for the year ended 31 December 2022 published on 28 April 2023

  https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042802765.pdf

- pages 27 to 80 of the interim report of the Company for the year ended 30 June 2023 published on 30 August 2023 ("**2023 Interim Report**").

  https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0830/2023083001563.pdf

INDEBTEDNESS STATEMENT

As at the close of business on October 31 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had approximately RMB6,721.7 million outstanding indebtedness comprising:

	RMB'000
Current	
Secured	
– short-term bank loans and other borrowings	1,678,292
– current portion of non-current bank loans and other borrowings	340,370
Unsecured	
US$ senior notes	115,347
Non-current	
Secured	
bank loans and other borrowing	
– repayable after 1 year but within 2 years	375,846
– repayable after 2 years but within 5 years	818,250
– repayable after 5 years	188,223
Unsecured	
US$ senior notes	3,205,415
Total	**6,721,743**

Contingent Liabilities

The Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to its customers amounting to approximately RMB2,889.4 million.

Save and except for the above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business as at 31 October 2023, the Group did not have any debt securities issued and outstanding, or otherwise created but unissued, or loan capital, or other borrowings or similar indebtedness including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, or hire purchase commitments, or mortgages and charges, and there were no other material guarantees.

WORKING CAPITAL STATEMENT

The Directors are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the Group's internal resources, available credit facilities and the estimated net proceeds from the Disposal, the Group has sufficient working capital for its requirements for at least twelve months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Although local governments of many cities provide supporting policies on the demand side to boost buying sentiment and gradually loosen the supply side restrictions, the management believes it takes time to restore the confidence of creditors and home buyers. In the short term, the pressure of deleveraging inventories still exists and the suppressed buying sentiments will take time to recover. Delivery of properties on time is the priority target of the Group at this stage. The Group will work relentlessly to achieve "three guarantees" ("guarantee delivery of properties", "guarantee sales" and "guarantee repayment") and strive for long-term "survival".

The Group will continue to implement a strict construction progress supervision system and utilize the precious financial resources for construction amount payment to ensure that the sold property projects are delivered on schedule.

Although the current sales environment is still weak, the Group will continue to increase sales efforts and adopt all marketing strategies to promote sales de-marketing, and increase efforts to collect sales receivables. And the Group will continue to strive to find ways to realize cash inflow to meet the Company's debt repayment obligations, including promoting sales, increase sales collections, increase collections of other receivables, seeking debt refinancing, project sales, etc., so as to fulfill its debt repayment obligations and enable the Company to operate stably.

The following is the text of a report prepared for the purpose of incorporation in this circular received from Moore Transaction Services Limited, an independent valuer, in connection with its valuation as at 30 June 2023 of the market value of the 100% equity interest in Shenzhen Jingzhen Industrial Company Limited.

Moore Transaction Services Limited
812 Silvercord, Tower 1
30 Canton Road, Tsimshatsui
Kowloon, Hong Kong

30 November 2023

The Directors
Guangdong – Hong Kong Greater Bay Area Holdings Limited
35th Floor, Block A
Honglong Century Plaza
Luohu District, Shenzhen City
China

Dear Sirs,

Re: Valuation of the Market Value of 100% equity interest in 深圳市景真實業有限公司 (Shenzhen Jingzhen Industrial Company Limited)

1. EXECUTIVE SUMMARY

1.1. Introduction

We have been engaged by the Management to provide our opinion on the market value of 100% equity interest in the Target Company as at 30 June 2023 for your disposal reference purpose.

1.2. Scope of Valuation

Our scope of services covers the Valuation of the market value of 100% equity interest in the Target Company as at the Valuation Date.

Our valuation work was high-level and desktop-based and primarily based on the information provided by the Management, which is assumed to be true, faithful and complete.

1.3. Purpose of Valuation

The purpose of our Valuation is for your disposal reference purpose only. The Valuation and this report are not prepared for the use of any other purposes such as but not limited to accounting and/or fundraising.

1.4. Date of Valuation

The Valuation Date is 30 June 2023.

1.5. Scope of Work

As part of our tasks of completing the Valuation, we have carried out the followings:

- Discussion with the Management in relation to the historical and future development, operations and other relevant information of the Target Company;
- Review of relevant information and other relevant data concerning the Target Company provided to us by the Management;
- Performing market research and relevant statistical figures from public sources in relation to the Valuation of the Target Company; and
- Preparation of a valuation model to derive the market value of the Target Company and this Valuation Report.

On the other hand, our scope of work did not cover the followings:

- Comment on the accounting treatment of any assets/liabilities being valued/reviewed, wherever and whenever relevant;
- Assessments of and comment on the operational, legal, regulatory, country and other risks that are associated with the existing and future operations of the Target Company;
- Performance of any identifications or valuations on any off-balance sheets assets/liabilities of the Target Company nor factor them in the Valuation;
- Performance of any legal, commercial, financial/audit, tax, operational due diligence work or other types of due diligence work which should be carried out by the relevant experts to be appointed by the Company, if necessary;
- Provision or review of, without limitation, professional advice other than valuation advice, such as advices on legal, regulatory, accounting or taxation matters;

- Visits to any locations of the Target Company, the Company and/or any other related entities and inspections of any their assets and operations; and

- Valuation of any specific assets/liabilities or classes of assets/liabilities of the Target Company, including but not limited to properties, plant & equipment, receivables & account payables, intangible assets such as contracts or patents etc..

2. BACKGROUND

2.1 Background of the Company

The Company is an investment holding company listed on the Main Board of the Hong Kong Exchange with stock code: 1396.HK.

According to the Management, the Company is principally engaged in the development of residential and urban renewal projects in the Greater Bay Area. The Company is also engaged in trading of non-ferrous metals and chemical products in the PRC.

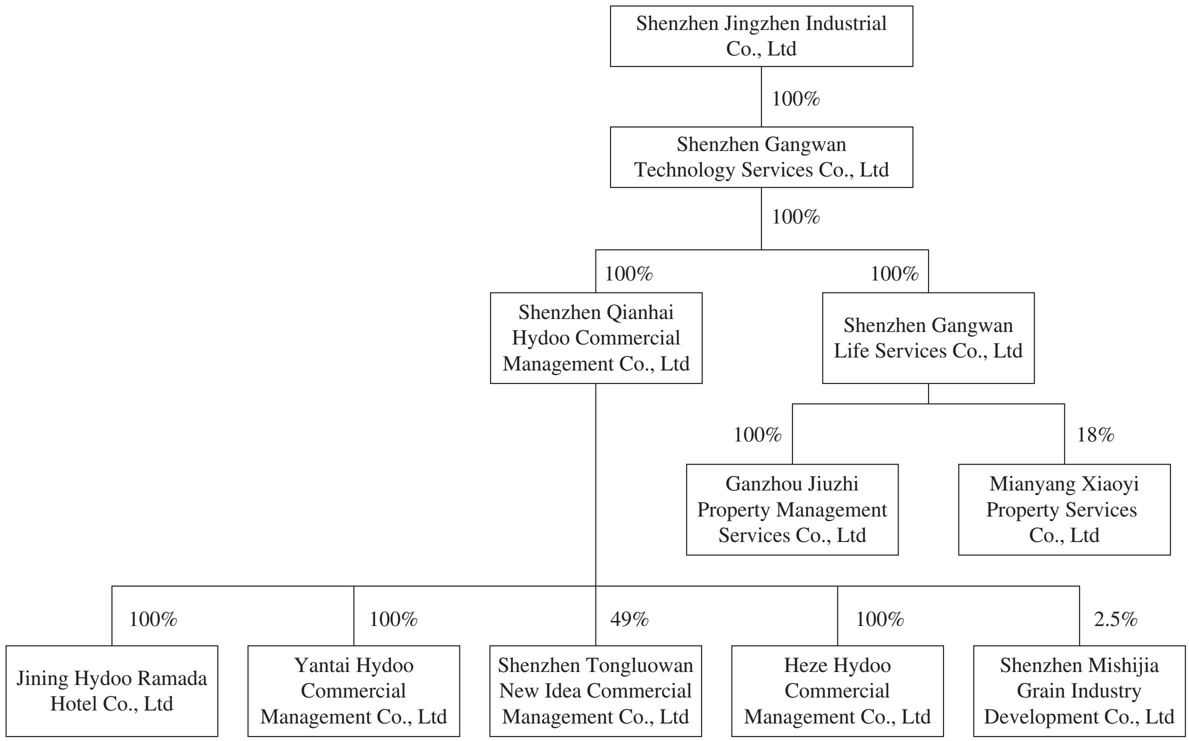
2.2 Background of the Target Company

The Target Company is a private company incorporated in the PRC in November 2022 with limited liability. As at the Valuation Date, the Target Company is an indirect wholly-owned subsidiary of the Company.

The Target Company is principally engaged in the business of property management services and commercial management services. It owns several commercial and residential property management projects across the PRC. The Target Company provided property management services for most of the projects developed by the Company.

Per Management, the Target Company has 831 staffs consisting of 6 senior management, 60 project managers and 780 other operation staffs. As at the Valuation Date, there are 23 property projects under the Target Company's management, with a total area under management of 5.3M sq.m., among which 71% is commercial projects, 27% is residential projects and 2% is other projects.

The organization structure of the Target Company as at the Valuation Date is presented as below:



Source: Management

Per Management, Jining Hydoo Ramada Hotel Company Limited, Shenzhen Tongluowan New Idea Commercial Management Company Limited and Shenzhen Mishijia Grain Industry Development Company Limited have no business operations as at the Valuation Date.

Mianyang Xiaoyi Property Services Company Limited is principally engaged in the business of property management services in the PRC.

2.3. Historical Financial Review

The Target Company's key income statement and balance sheet items as of the Valuation Date are shown in the following table:

Financials *(RMB)*	**FY23U-H1**	**FY22U**	**FY21U**
Revenue	55,220,384	105,431,443	118,537,153
Gross Profit (Loss)	21,512,903	41,868,266	55,051,929
Gross Profit (Margin)	38.96%	39.71%	46.44%
Net Profit (Loss)	7,534,150	10,677,556[N1]	16,299,695
Net Profit (Margin)	13.64%	10.13%	13.75%
Total Asset	141,744,099	1,056,444,645	1,050,664,829
Net Asset (Liability)	(21,320,050)	(84,678,158)	(95,355,715)

N1: Per Management, adjusted for the impact from accrued income tax

Source: Management

The unaudited financial statements as of 30 June 2023 are the latest available financial information circulated to us. The Target Company recorded a revenue of RMB55.22M and a net income of RMB7.53M in FY23U (January – June).

The Target Company's revenue for FY22U was RMB105.43M, indicating a 11.06% decrease from the RMB118.54M reported for FY21U. The gross profit margin and net income margin for FY22U were 39.71% and 10.13% respectively, showing a decline from the 46.44% and 13.75% respectively as reported in FY21U. According to the Management, the declines were primary caused by the COVID-19 pandemic.

As of 30 June 2023, the Target Company reported net liabilities of RMB21.32 million. Per Management, the net liabilities position was mainly due to the loss incurred in early years, caused by upfront operation costs and payments between the Company and the Target Company. As discussed, the Target Company provided property management services for most of the projects developed by the Company, therefore, the amounts owed by/amounts owed to intra-group of the Company were the main component of the Target Company's assets and liabilities respectively.

2.4. Major Risk Factors and Mitigation Measures

As discussed with Management, the Target Company faces several risk factors, which include but not limited to the followings:

- Regulatory Risk: The PRC has a complex regulatory environment, and property management companies must comply with various laws and regulations. Non-compliance can lead to fines, legal action, and reputational damage;

- Market Risk: The property market in the PRC is volatile and can be affected by various factors such as economic conditions, government policies, and social trends;

- Operation Risk: The Target Company faces operational risks such as employee fraud, data breaches, and natural disasters; and

- Competition Risk: the increasing competition may lead to lower market share and profit margin of the Target Company.

According to Management, they are aware of the risk factors abovementioned and will take appropriate actions such as regularly conducting market analysis to keep abreast of market trends and technological development; conducting competitive analysis and carrying out effective and consistent compliance management, and closely monitoring the macroeconomics environment to attempt to mitigate these and other possible risks.

3. INDUSTRY OVERVIEW

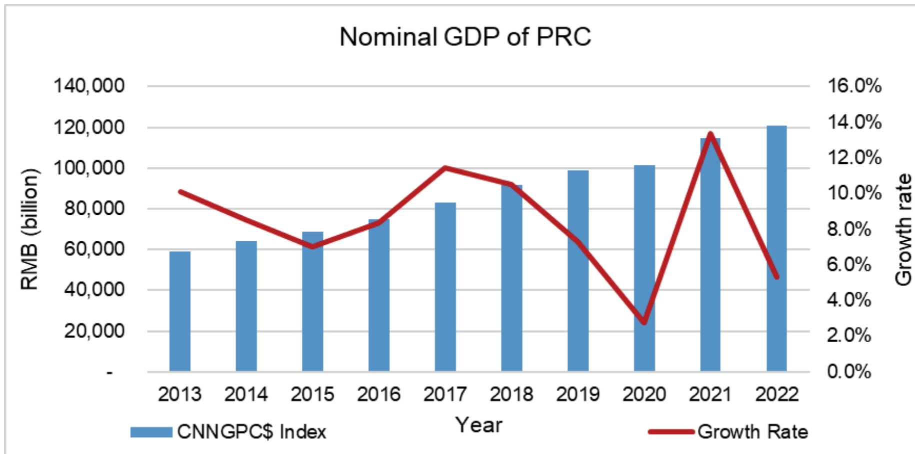
3.1. The PRC Economy

Since the economic reform of incorporating capitalism within a command economy in the late 20th century, PRC has experienced rapid economic growth and is currently the world's second-largest economy.

According to publicly available data, PRC's nominal GDP increased from RMB53,858T in 2012 to RMB121,021T in 2022, representing a CAGR of approximately 8.43% in the last decade. Meanwhile, PRC's GDP per capita also grew steadily from RMB39,771 in 2012 to RMB85,698 in 2022, representing a CAGR of approximately 7.98%.

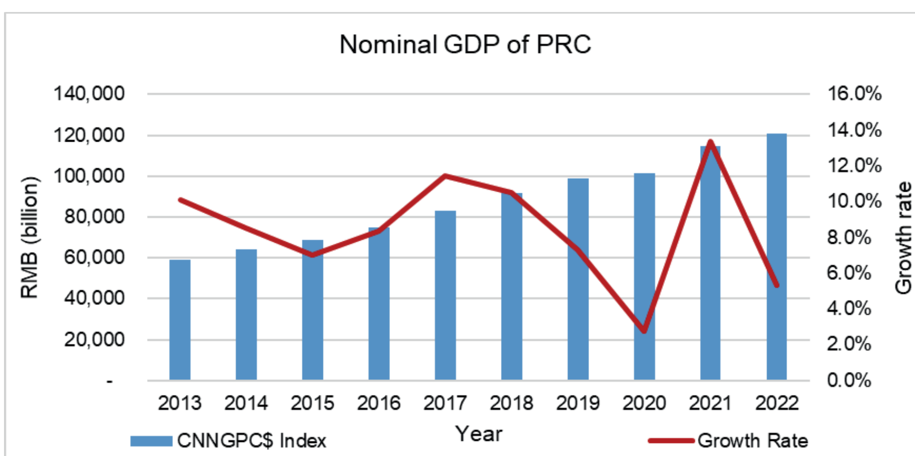
The historical trends of the nominal GDP and nominal GDP per capita are shown below:

Chart 3.1a: Nominal GDP of PRC



Source: Bloomberg, Moore's analysis

Chart 3.1b: Nominal GDP Per Capita of PRC



Source: Bloomberg, Moore's analysis

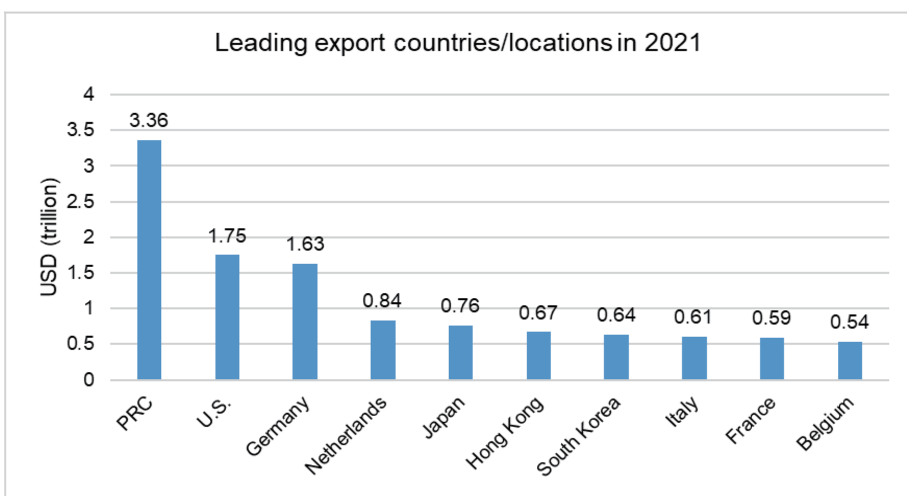
PRC economy underwent a challenging period between 2019 and 2021. With the ever-rising trade tensions between the U.S. and PRC, the COVID-19 pandemic had a significant negative impact on the already weakening global and local economy. Nevertheless, the economic situation in PRC rebounded in 2021 and remained solid in 2022 with countrywide vaccine coverage and the recovery of the global economy from the pandemic.

Ever since PRC government allowed foreign direct investments within its borders, many foreign firms have entered the PRC market. Over the past few decades, they set up numerous factories and employed many domestic workers in PRC. PRC is the largest recipient of foreign direct investment globally, receiving roughly USD181B in 2021, indicating an increase of approximately 21% compared with 2020.

In recent years, the impact of the demographic shift in the PRC has become increasingly evident. The labour force in China indicated a general decreasing trend in recent years. The workforce of the PRC has fallen by more than 41M in the past three years, reflecting the COVID-19 pandemic's impact on the economy. As a result, the potential economic growth of PRC is expected to be a relatively mild growth, and such a trend is expected to continue.

On the other hand, PRC is the world's largest exporter and the second-largest importer of goods. However, in 2018, the U.S. imposed sweeping tariffs on PRC for its alleged unfair trade practices. In response, PRC has set tariffs on selective U.S. goods, threatening to restrict U.S. business operations in PRC. As a result, both economies are expected to suffer from the impacts. Nonetheless, PRC plays a prominent role in international trade, with an export volume of USD3.36T and an import volume of USD2.69T in 2021, according to a research result published by Statista:

Chart 3.1c: Leading export countries/locations in 2021



Source: Bloomberg, Moore's analysis

To cope with the recent economic slowdown resulting from the pandemic and ongoing trade war, PRC government has adopted economic reforms and made massive amounts of capital expenditures on infrastructures. According to publicly available data, government expenditure increased from approximately RMB23.9T in 2019 to RMB24.6T in 2021. The PRC government remains confident that the local economy is resilient and will recover steadily.

3.2. Property Management Industry

The PRC boasts a thriving property management industry that oversees various facilities, including residential, commercial, and public spaces. This sector's robust growth is fuelled by the escalating demand for elevated living standards and the abundant availability of property spaces.

Property management companies in PRC typically charge fees for both core property management services and value-added services. Core services encompass cleaning, landscaping, security, and maintenance, while value-added services extend to community management, property agency, housekeeping, elderly care, nursing, and consulting services. Property management fees may be lump-sum payments or commissions, with the primary revenue stream being the basic management fee. This fee is determined by the gross floor area ("GFA") under management, with the average basic management fee reaching 1.18 yuan per square meter per month in 2023, according to CEIC Data Company, a global economic data provider.

3.3 Industry Landscape

In recent years, PRC's property management industry has experienced substantial growth, driven by rapid urbanisation and rising per capita disposable incomes. The total GFA under management by all property management companies in PRC surged from approximately 19.5 billion sq.m. in 2017 to 28.9 billion sq.m. in 2022, reflecting a CAGR of around 8.2%. Projections from China Index Academy, an independent industry consultant, indicate further growth, with total GFA under management expected to reach approximately 35.5 billion sq.m. by 2026.

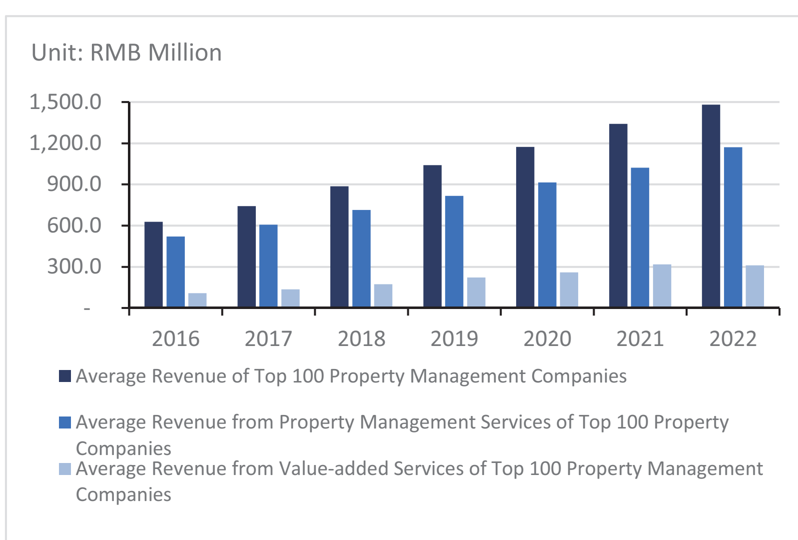
Among the top 100 Property Management Companies, the GFA of properties managed witnessed significant expansion, surging from around 6.3 billion sq.m. in 2017 to 14.3 billion sq.m. in 2022, marking a CAGR of about 17.8%. This growth elevated the market share of the Top 100 Property Management Companies in terms of total GFA under management, rising from approximately 32.4% in 2017 to 49.6% in 2022.

Chart 3.3a: Market Share of PRC Property Management Industry in Terms of GFA, 2016–2022

Source: China Index Academy

Revenue generated from property management services remains the primary income source for these companies. Additionally, they may derive revenue from value-added services. The following chart illustrates the increase in average revenue, both from property management services and value-added services, for the Top 100 Property Management Companies in the specified years.

Chart 3.3b: Revenue Sources of Top 100 Property Management Companies in PRC Property Management Industry, 2016–2022



Source: China Index Academy

3.3.1. Future Growth Prospect

Residential properties continue to dominate the portfolios of property management companies. The total GFA of non-residential properties managed by the Top 100 Property Management Companies increased from approximately 1.9 billion sq.m. as of 31 December 2017, to 5.1 billion sq.m. as of 31 December 2022, representing a CAGR of approximately 21.8%.

Several factors are poised to support the steady growth of the property management industry in the coming years. These include a growing population and rapid urbanisation, with PRC's population reaching 1.4 billion in 2022 and an urbanisation rate of 65.0%, the urbanisation rate is projected to rise to 66.5% by 2030, according to the United Nations. This upward trend will generate increased demand for housing and related services.

Another key driver is the growth in real estate investment. Despite the challenges posed by the COVID-19 pandemic, PRC's real estate investment grew by 4.4% year-on-year in 2021, with residential buildings accounting for most of this investment. The development of new properties will expand the GFA under management and bolster income for property managers.

As Chinese households become more affluent and quality-conscious, they are increasingly willing to invest in superior property management services, including smart home solutions, community activities, and various value-added services. While the outbreak of COVID-19 initially had a short-term impact on the property management industry, several supportive policies, such as tax cuts and increased government subsidies, have created a favourable environment for industry recovery.

4. BASIS AND METHODOLOGY

4.1. Basis of Valuation

In valuing the Target Company, we have prepared our Valuation on the basis of "market value" as defined in International Valuation Standards 2022, i.e., "*the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion*".

4.2. Professional Valuation Standards

Our Valuation has been prepared in accordance with the International Valuation Standards issued by the International Valuation Standards Council.

4.3. Sources of Information

The primary sources of information that we have relied on in the preparation of this report, include:

- Unaudited FY21U – FY23U (January to June) income statements and balance sheets of the Target Company;
- Discussions with Management regarding the background and other relevant information of the Target Company; and
- Other public sources of market data

We have not attempted to verify any of the information provided to us or contained in this report. We also have no reasons to believe that any material fact has been withheld from us. Moreover, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

We hereby reserve our rights to revise this Valuation Report, if required and appropriate, should there be any updated information or otherwise made available to us that we consider to be relevant to the Valuation.

4.4. Limiting Conditions and Assumptions

Our Valuation has been primarily based on the unaudited income statements and balance sheets provided by Management and a number of limiting conditions and assumptions, as set out in section 7.1 Limiting Conditions and 7.2. Assumptions.

It is noted that only the unaudited financial statements have been provided to us for the Valuation. In the event any of the information, figures or accounts we have relied upon have been misstated or actual events do not accord with one or more of the assumptions, the resulting valuations of the Target Company may vary substantially from the figures as set out in this report.

You are recommended not to rely on the Valuation unless you have read carefully and fully understood the limiting conditions and assumptions.

4.5. Valuation Approach

4.5.1. Generally Accepted Approaches

We have considered three generally accepted approaches, including the Income Approach, Market Approach and Cost Approach in the Valuation:

- Income Approach: The Income Approach measures the value of an asset by the present value of its future economic benefits. These benefits can include earnings, cost savings, tax deductions and proceeds from its disposition.

- Market Approach: The Market Approach is a valuation technique based on the principle of substitution. For the valuation of a company, public companies in the same general industry as the subject company are selected to provide valuation guidelines, i.e., valuation multiples for such guideline companies then are determined and analysed. On the other hand, valuation multiples indicated in merger and acquisition transactions of private companies may also be considered.

- Cost Approach: The Cost Approach, also known as the depreciated replacement cost approach, considers the cost to reproduce or replace in new condition the appraised asset in accordance with current market prices, with allowance for accrued depreciation arising from the condition, utility, age, wear and tear, or obsolescence present, taking into consideration past and present maintenance policy and rebuilding history. This approach generally furnishes the most reliable indicator of value for PPE in the absence of a known market based on comparable sales.

Please note these three valuation approaches are fundamentally different and may generate substantially different valuation results.

4.5.2. Selected Approach

Among the abovementioned valuation approaches, the selection of a valuation approach is based on, among other criteria, the quantity and quality of the information provided, access to available data, supply of relevant market transactions, type and nature of the subject asset, purpose and objective of the valuation and professional judgment and technical expertise. The Market Approach was considered to be the most appropriate due to the following reasons:

The Income Approach was not adopted as it heavily relies on subjective assumptions adopted in the long-term financial projections of the Target Company. The market value is sensitive to the inputs in the financial forecast, which could significantly impact the market value. As per Management, they had limited access to the Target Company's detailed future business plans, limiting its ability to formulate reasonable and reliable forecasts. Therefore, the Income Approach was not adopted.

The Cost Approach was not adopted as it does not consider the future economic benefits generated from the operation of the Target Company's business. The Cost Approach is inadequate in reflecting the value of its equity interests deriving from its ongoing business and any potential growing prospect.

The Market Approach reflects the value obtained from a consensus of market participants over the corresponding industry. It is generally agreed that such an approach involves less subjective assumptions and judgements in a valuation as this is principally based on comparison. We also notice that there are several publicly listed companies of similar businesses in the same geographical region that could provide a reasonable valuation benchmark. Thus, the Market Approach has been adopted in this valuation.

4.5.3. Guideline Companies

Under the Market Approach, we adopted the Guideline Company Method in the Valuation and selected publicly listed companies that are considered to be comparable to the Target Company, i.e., Guideline Companies.

The selection of the Guideline Companies was based on the comparability of the overall industry sector and geographical location. Although no two companies are ever exactly alike, behind the differences, there are certain business universals, such as required capital investment and overall perceived risks and uncertainties that guide the market in reaching the expected returns for companies with certain similar attributes. The following criteria were considered reasonable to select the Guideline Companies.

In the Valuation, we follow the below major principles when searching for Guideline Companies:

- The Guideline Companies engage in property management services per our understanding based on their company descriptions provided by publicly available source and their websites. Such business activities are the principal or one of the principal business activities of these companies;

- Over 90% of the total revenue of the Guideline Companies is generated from property management related businesses, with property portfolio included both residential and commercial projects according to their respective latest annual reports;

- The principal business of Guideline Companies is domiciled in the PRC, which aligns with the business' geographical location of the Target Company; and

- The Guideline Companies' shares were publicly traded in stock markets in Hong Kong or the PRC and have sufficient relevant financial information which are publicly available.

Details of these Guideline Companies are summarized as below:

Stock Code	Company Name	Property Management Revenue %	Company Description
9608 HK Equity	Sundy Service Group Company Limited	94.7%	Sundy Service Group Company Limited operates as an integrated property management service provider. It offers security, cleaning, gardening, common facilities repair and maintenance services in the PRC.
2376 HK Equity	Lushang Life Services Company Limited	99.9%	Lushang Life Services Company Limited provides comprehensive property management services. It offers property management for residential properties and nonresidential properties. It also offers value-added services to non-property owners like design, landscaping, pre-delivery services, and other services.

Stock Code	Company Name	Property Management Revenue %	Company Description
2107 HK Equity	First Service Holding Limited	85.4%	First Service Holding Limited provides green property management services and green living solutions. It offers comprising cleaning, security, gardening and repair and maintenance, energy operation services, green technology consulting services, parking space management services in the PRC.
2210 HK Equity	Beijing Capital Jiaye Property Services Company Limited	100.0%	Beijing Capital Jiaye Property Services Company Limited provides property management services. It offers house management, house repair, house rental, and other services.
1922 HK Equity	Yincheng Life Service Company Limited	99.8%	Yincheng Life Service Company Limited offers property management services. It manages residential properties, government facilities, financial institutions, property sales offices, parks, and other facilities. It also provides life community value added services.
2168 HK Equity	Kaisa Prosperity Holdings Limited	92.1%	Kaisa Prosperity Holdings Limited provides real estate services. It offers housing renovation, housing loans, real estate brokerage, and other property management services in the PRC.

Source: Publicly available data

We considered that the selected Guideline Companies comprise an exhaustive list based on the selection criteria and our understanding of the Target Company and the Guideline Companies.

4.5.4. Valuation Multiples

In the course of our Valuation, we have considered certain commonly adopted valuation multiples such as enterprise-value-to-sales (“EV/Sales”), enterprise-value-to-earning-before-interest-tax (“EV/EBIT”), price-to-book (“P/B”), price-to-sales (“P/S”), and price-to-earnings (“P/E”).

The EV/Sales multiple and P/S multiple do not consider the cost structure of a company, two companies with the same revenue might have very different costs, which would significantly impact their profitability. Since the property management business can vary greatly in terms of cost structure depending on factors such as location, market conditions, and management strategy, therefore, the EV/Sales multiple and P/S multiple were not suitable for the Valuation.

The EV/EBIT multiple does not consider a company's tax structure and the cost of financial gearing. Two companies with the same operating profit might have very different tax obligations or financial gearing, significantly impacting their net income. Since the property management business can vary greatly in these merits depending on factors such as location, market conditions, and management strategy, therefore, the EV/EBIT multiple was not adopted in the Valuation.

The P/B multiple may not be suitable for companies operating in asset-light or service-oriented industries, such as property management. In these cases, the book value of net assets might not strongly correlate with the fair value of the Target Company. Given the substantial variability among individual companies within the same industry concerning future earnings potential and profitability, which are attributed to factors like location, market conditions, and management strategy, consequently, the P/B multiple was deemed unsuitable for the Valuation.

Lastly, the P/E multiple is a key metric in evaluating a company's profitability. This widely acknowledged and frequently utilized valuation metric holds particular relevance for companies characterised by positive and predictable earnings patterns. For the inapplicability of other considered multiples aforementioned and considered the historical positive earning records of the Target Company, we consider the P/E multiple as the optimal choice for the Valuation.

The P/E multiples of the Guideline Companies as at the Valuation Date are shown below:

Ticker	**P/E Multiple**
9608 HK Equity	8.73x
2376 HK Equity	4.18x
2107 HK Equity	12.55x
2210 HK Equity	2.88x
1922 HK Equity	3.94x
2168 HK Equity	4.00x
Average	**6.05x**

Source: Publicly available data and Moore's analysis

The average P/E of 6.05x was multiplied by the normalised earnings of the Target Company as of the Valuation Date provided by Management.

4.5.5. Normalized Net Income

The breakdown of the normalized trailing 12-months net income as at the Valuation Date is presented below:

Item	**Amount** *(RMB)*
Net Income (LTM)	12,872,929
Minus: One-off Investment Income (After Tax)	(4,641,053)
Normalized Net Income (LTM)	**8,231,876**

Source: Management and Moore's analysis

According to the Management, such investment income is non-recurring and non-operating in nature sourced from assets disposal, we therefore deducted such investment income to derive normalized trailing 12-months net income amounted to RMB8.23M.

4.5.6. DLOM

The discount for lack of marketability is a downward adjustment to the value of an investment to reflect its reduced level of marketability. The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted into cash if the owner chooses to sell.

DLOM reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company.

The value of non-marketable interest can be calculated from marketable interest using the following formula:

Market Value of Non-Marketable Interest = Market Value of Marketable Interest × (1 – DLOM)

Currently, there is no widely used empirical study conducted on lack of marketability discount for private companies in Hong Kong or the PRC. Most studies on lack of marketability were based on transactions or data in the U.S.. According to the Stout Restricted Stock Study, published by Business Valuation Resources, LLC in

2022, DLOM is estimated as the percentage difference between the private placement price per share and the market trading price per share. 772 relevant private placement transactions of unregistered common stock issued by publicly traded companies from July 1980 through March 2022 have been examined in the Stout Restricted Stock Study. The Stout Restricted Stock Study analyses the transaction database and provides mean and median discount rates. Since the median rate is not affected by abnormal extreme high and low values, we adopted the median discount rate of 15.70% calculated from the 772 transactions from the Stout Restricted Stock Study as DLOM for the Valuation.

4.5.7. Control Premium

Control premium is the amount that a buyer is willing to pay over the minority equity value of the company in order to acquire a controlling interest in that company.

The value of controlling interest can be calculated from minority interest using the following formula:

Market Value of Controlling Interest = Market Value of Non-control Interest × (1 + Control Premium)

The P/E multiples adopted in the Valuation were calculated from publicly listed companies, which represents minority ownership interest; value calculated using such P/E multiples, therefore, represents the minority interest.

As our Valuation was for 100% equity interests in the Target Company, a control premium has been adopted with reference to our research "Control Premium and Discount for Lack of Marketability Study 2023 – Issue 2". Our research summarized the data extracted from HKEX. The key findings provided a clear view of figures about control premium adopted by the market participants. We have adopted a control premium of 23.9%, which is the median of trailing 12-months market data, in the Valuation.

4.5.8. Valuation Summary

The overall valuation of the Target Company using the valuation multiples is presented below:

Item	**Amount** *(RMB)*
Normalized Net Income (LTM)[1]	8,231,876
P/E Multiple	6.05x
Implied Equity Value	49,784,638
Discount for Lack of Marketability	15.70%
Control Premium	23.90%
Indicative Equity Value 100% (Marketable & Control)	51,998,909
Indicative Equity Value 100% (Marketable & Control) (Rounded)	**52,000,000**

Remark:

1. The financial figures are LTM, i.e., the 12-month period as at Valuation Date, figures derived by Moore.

Source: Moore's analysis

5. OPINION OF VALUE

Based on our analysis above, our opinion on the market value of 100% equity interest in 深圳市景真實業有限公司 (i.e., the Target Company) as of 30 June 2023 (i.e., the Valuation Date), was reasonably stated as **RMB52,000,000 (RENMINBI FIFTY-TWO MILLION ONLY)**.

REMARKS

Neither the whole nor any part of this report or any reference thereto may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it will appear.

Finally, and in accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and for the purpose stated herein. No responsibility is accepted to any third party for the whole or any part of its contents.

We hereby certify that we neither have any present nor any prospective interest in the Company, the Target Company and its subsidiaries and associated companies, or the value reported herein.

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi (RMB).

Yours faithfully,
For and on behalf of
Moore Transaction Services Limited
Kenneth Ma
Director
CAIA, CESGA, CFA, MRICS

Note: Mr. Kenneth Ma is a Registered Valuer member of the Royal Institute of Chartered Surveyors who has over 5 years' experience in valuations of real estate properties and over 10 years' experience in business valuations in Hong Kong and PRC.

6. GLOSSARY OF TERMS

Term	Meaning
CAGR	Compound annual growth rate
Company, GDHK, you, yours	Guangdong – Hong Kong Greater Bay Area Holdings Limited, a company listed on the Main Board of the Hong Kong Exchange with stock code: 1396.HK
DLOM	Discounts for lack of marketability
FYXXU	Unaudited financial statements for the year-ended 31 March 20XX
FYXXU-H1	Unaudited financial statements for the period from 1 January 20XX to 30 June 20XX
GDP	Gross Domestic Product
Guideline Companies	Publicly listed companies that are considered by us to be comparable to the Target Company for valuation purposes
HKEX	Hong Kong Exchanges and Clearing Limited
LTM	Last twelve months
M, mil	Million
Management	Management of the Company, the Target Company, and/or their representatives
Moore, we, our, us	Moore Transaction Services Limited
PRC	The People's Republic of China
RMB	Renminbi, the official currency of the PRC
Target Company	深圳市景真實業有限公司 (Shenzhen Jingzhen Industrial Company Limited), a private company incorporated in the PRC with limited liability, together with its subsidiaries/associates
U.S.	United States of America

Term	Meaning
Valuation	A high-level and desktop-based valuation of the market value of the Target Company as at the Valuation Date as presented in this Valuation Report
Valuation Date	30 June 2023
Valuation Report	This valuation report

7. APPENDICES

7.1. Limiting Conditions

The limiting conditions pertaining to the valuation conclusions stated in this Valuation Report are summarised below:

- To the best of our knowledge, all data and statements of facts set forth in this report, upon which the data, opinions, analysis, estimates and conclusions expressed are based, are true and correct. Information, estimates and opinions furnished to us and contained in this Valuation Report or utilised in the formation of the value conclusions were obtained from sources considered reliable and believed to be true and correct.

  We have also considered published market data and other public information, where appropriate. Such information was obtained from sources such as publicly available industry reports and websites.

  However, we did not independently verify the abovementioned information and no representation, liability or warranty for the accuracy of such items is assumed by or imposed on us, and we reserve the right to alter the Valuation, if any inaccurate information may have been provided to us.

- We have relied on information and estimates provided by Management to a considerable extent in arriving at our opinion of value. This includes but not limited to the business affairs as well as the outlook for the business. It should be noted that the financial statements provided to us are unaudited, and there may be potential for incorrectness or incompleteness. We have requested audited financial statements, which were not available at the time of our assessment.

  We have not conducted any further investigations concerning whether all data have been provided to us for our assessment and we have no reason to believe that any material data have been withheld from us.

The procedures and enquiries undertaken by us in preparing this report do not include any verification work of the information provided by Management, the Target Company and their associates, nor do they constitute an examination made in accordance with generally accepted auditing standards. As such, we do not express an opinion or offer any forms of assurance regarding the accuracy, reasonableness, completeness or reliability of these information we are based.

- The Valuation was prepared solely for the purpose, function and party identified in this report. This report may not be reproduced, in whole or in part, and the findings of this Valuation Report may not be utilised by any third party for any purpose, with our express written consent. We will not accept any responsibility or liability to any third party to whom in respect of, or arising out of, the contents of this report may be shown.

  Neither all nor any part of the contents of this Valuation Report shall be disseminated or referred to the public through advertising, public relations, news or sales media, or any other public means of communication or referenced in any publication, including any private or public offerings, without the prior written consent and approval of and review by us.

- Good and marketable title to the business interests and assets being appraised is assumed. We are not qualified to render an "opinion of title," and no responsibility is assumed or accepted for matters of a legal nature affecting the business being appraised. We render no opinion as to ownership of the business or condition of its title.

- The Valuation reflects facts, conditions and expectations existing at the Valuation Date. We take no responsibilities for any events, conditions or circumstances affecting our opinion of value that take place subsequent to Valuation Date.

- The results of our work are dependent on the information of the Target Company. However, because events and circumstances frequently do not occur as expected, there will usually be differences between predicted and actual results, and those differences may be material. We take no responsibilities for the achievement of predicted results.

- Our conclusion of the value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

- By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. Hence, there is no single indisputable range and generally we cannot provide absolute assurance on a valuation.

- The title of this report shall not pass to the Company until all professional fees have been paid in full.

7.2. Assumptions

In conducting our valuation work, the following assumptions have been adopted in order to sufficiently support our conclusion of value, including, but not limited to:

- The principal businesses of the Target Company 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 Company operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Company.

- There will be no major changes in the current taxation laws in the localities in which the Target Company 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 Company's business operation.

- The market data, industrial information and statistical figures obtained from publicly available sources are true and accurate.

- The Target Company 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 Company operates or intends to operate would be officially obtained and renewable upon expiry.

- The Target Company will continue to operate as a going concern and the core operation of the Target Company will not differ materially from those of present or expected.

- The information and estimates provided and the representations made by Management regarding the Target Company's financial and business affairs are accurate and reliable.

- There are neither undisclosed assets/liabilities or unusual obligations/substantial commitments, other than normal business courses as reflected in financial statements of the Target Company, nor any litigation issues pending or threatened as of the Valuation Date, would have significant impact on the values of the Target Company.

- The Target Company has acquired, or will acquire, adequate financial capital for the investments in projected capital expenditure and working capital from time to time, and any scheduled interest or repayment of loan and payable will be paid on time.

- Management has sufficient knowledge and experience in respect of the operation of the Target Company, and the turnover of any director, management or key person will not affect the operation of the Target Company.

- Management of the Target Company has adopted reasonable and appropriate contingency measures against any human disruption such as fraud, corruption and strike, and the occurrence of any human disruption will not affect the operation of the Target Company.

- Management of the Target Company has adopted reasonable and appropriate contingency measures against any natural disaster such as fire, flood and hurricane, and the occurrence of any natural disaster will not affect the operation of the Target Company.

- The intellectual property of the Target Company will not be infringed upon in a manner which would materially affect the economic benefits attributable to the Target Company.

- We assume you will appoint relevant experts to perform appropriate legal, commercial, financial/audit, tax, operational due diligence work or other types of due diligence work, which is outside our scope of work.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debenture

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or as recorded in the register maintained by the Company under section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in the Listing Rules, were as follows:

Long position in the shares and underlying shares of the Company as at the Latest Practicable Date

Name of Directors	Class of securities	Corporate interest	Personal interest	Share options	Family interest	Total share capital	Approximate percentage of the Company's total issued share capital(1)
Mr. Zeng Yunshu	Ordinary shares	276,443,711(2)	–	–	–	276,443,711	60.93%
Mr. He Fei	Ordinary shares and share option	–	22,686,770	2,100,000(3)	–	24,867,770	5.46%

Notes:

(1) The percentage shareholding is calculated on the basis of 453,735,400 Shares issued as at the Latest Practicable Date.

(2) These Shares are held by China Guangdong – Hong Kong Greater Bay Area Holdings Limited ("**China Greater Bay Area Holdings**"), China Greater Bay Area Holdings is owned as to 84% by Ruixinhaide Holdings Limited ("**RXHD Holdings**"), RXHD Holdings is owned as to 100% by Solid Wealth Holdings Limited ("**Solid Wealth**"), and Solid Wealth is owned as to 90% by Mr. Zeng Yunshu. By virtue of Part XV of the SFO, Mr. Zeng Yunshu is deemed to be interested in all the Shares held by China Greater Bay Area Holdings. The spouse of Mr. Zeng Yunshu is deemed to be interested in the Shares which Mr. Zeng Yunshu is interested in under Part XV of the SFO. As at the date of the Latest Practicable Date, Mr. Zeng Yunshu and his spouse are deemed to be interested in 276,443,711 Shares of the Company through China Greater Bay Area Holdings, RXHD Holdings and Solid Wealth, representing approximately 60.93% of the issued Shares of the Company.

(3) This represents the share options granted pursuant to the Share Option Scheme. The spouse of Mr. He Fei is deemed to be interested in the Shares which Mr. He Fei is interested in under Part XV of the SFO. By virtue of Part XV of the SFO, as at the Latest Practicable Date, Mr. He Fei and his spouse are deemed to be interested in 24,867,770 Shares of the Company, representing approximately 5.46% of the issued Shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Board, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests of Substantial Shareholders

As at the Latest Practicable Date, according to the register of members kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following person/entity (other than the Directors or chief executives of the Company) had an interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or be directly and indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meetings of the Company:

Long position in the Shares and underlying Shares of the Company as at the Latest Practicable Date

Name	Nature of interest	Corporate interest	Personal interest	Share option	Approximate percentage of the Company's total issued share capital[(1)]
China Greater Bay Area Holdings	Beneficial owner[(2)]	276,443,711	–	–	60.93%
Ruixinhaide Holdings Limited	Interest in controlled corporation[(2)]	276,443,711	–	–	60.93%
Solid Wealth Holdings Limited	Interest in controlled corporation[(2)]	276,443,711	–	–	60.93%
Mr. Zeng Yunshu	Interest in controlled corporation[(2)]	276,443,711[(3)]	–	–	60.93%
Eminent Ascend Limited	Beneficial owner[(4)]	33,280,000	–	–	7.33%
Sunet Global Limited	Interest in controlled corporation[(4)]	33,280,000	–	–	7.33%
Mr. Wong Kim	Interest in controlled corporation[(4)]	33,280,000[(5)]	–	–	7.33%
Mr. He Fei	Beneficial owner	–	22,686,770[(6)]	2,100,000[(6)]	5.46%

Notes:

(1) The percentage shareholding is calculated on the basis of 453,735,400 Shares issued as at the Latest Practicable Date.

(2) China Greater Bay Area Holdings is owned as to 84% by RXHD Holdings, RXHD Holdings is owned as to 100% by Solid Wealth, and Solid Wealth is owned as to 90% by Mr. Zeng Yunshu. By virtue of Part XV of the SFO, each of RXHD Holdings, Solid Wealth and Mr. Zeng Yunshu is deemed to be interested in all the Shares held by China Greater Bay Area Holdings. As at the date of

the Latest Practicable Date, each of China Greater Bay Area Holdings, RXHD Holdings, Solid Wealth and Mr. Zeng Yunshu is deemed to be interested in 276,443,711 Shares of the Company, representing approximately 60.93% of the issued Shares of the Company.

(3) The spouse of Mr. Zeng Yunshu is deemed to be interested in the Shares which Mr. Zeng Yunshu is interested in under Part XV of the SFO.

(4) Eminent Ascend Limited is wholly-owned by Sunet Global Limited and in turn wholly-owned by Mr. Wong Kim, hence each of Sunet Global Limited and Mr. Wong Kim is deemed to be interested in all the Shares held by Eminent Ascend Limited.

(5) The spouse of Mr. Wong Kim is deemed to be interested in the Shares which Mr. Wong Kim is interested in under Part XV of the SFO.

(6) The spouse of Mr. He Fei is deemed to be interested in the Shares which Mr. He Fei is interested in under Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Directors, no other person (other than a Director or chief executive of the Company) had, or were deemed or taken to have interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

5. COMPETING INTERESTS

As at the Latest Practicable Date, the following Directors were considered to have interests in the following businesses, which compete or are likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

Mr. Zeng Yunshu is a director of each of Heyuan Guangrun Investment Co., Ltd. and Heyuan Guangrun Industrial Development Co., Ltd.

Mr. Cai Hongwen is a director of each of Heyuan Guangrun Investment Co., Ltd. and Heyuan Guangrun Industrial Development Co., Ltd. He also directly holds 58% interests in Guangdong Hongyi Group Limited.

The principal business activities of Guangdong Hongyi Group Limited, Heyuan Guangrun Investment Co., Ltd. and Heyuan Guangrun Industrial Development Co., Ltd. are real estate development. The Board considers that the business of aforesaid companies may compete with the business of the Group.

Each of the Covenantors, including Mr. Cai Hongwen and Mr. Zeng Sheng (the son of Mr. Zeng Yunshu), has signed the Non-competition Deed which is in favour of the Company. Each of the Covenantors also procures that his associates would be subject to the Non-competition Deed. Mr. Zeng Yunshu, being an associate of Mr. Zeng Sheng by virtue of father-son relationship, is therefore subject to the Non-competition Deed. For details of the Non-competition Deed, please refer to the paragraph headed "Enforcement of the Deed of Non-competition" of the annual report of the Company for the year ended 31 December 2022. Further, when making decisions on the business of the Group, the abovementioned Directors, in the performance of his duty as a Director of the Company, shall fulfil his fiduciary duties and act in the best commercial interest of the Group as a whole.

6. INTEREST IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, (i) none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up; and (ii) none of the Directors was materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group.

7. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business of the Group, were entered into by the Company or its subsidiaries within the two years immediately preceding the date of this circular and are or may be material:

(a) the share transfer agreement dated 16 February 2022 entered into between the Company and Hande Holdings Limited in relation to the disposal of 70% equity interest in Revere Effort Limited, a wholly-owned subsidiary by the Company;

(b) the share transfer agreement dated 3 March 2022 entered into between the Company and Silver Ocean Investments Limited in relation to the disposal of 100% equity interests in Well Harmony Enterprises Limited, a wholly-owned subsidiary by the Company;

(c) the share transfer agreement dated 13 June 2023 entered into between Shenzhen Hydoo Investment Management Company Limited, an indirect wholly-owned subsidiary of the Company and Shenzhen Chengzhu Industrial Co., Ltd. In relation to the disposal of 100% equity interests in Shenzhen Baichuan Century Investment Consulting Company Ltd., an indirect wholly-owned subsidiary of the Company; and

(d) the Share Transfer Agreement

8. EXPERTS AND CONSENTS

The following is the qualification of the expert who has provided advice referred to or contained in this circular:

Name	Qualification
Moore Transaction Services Limited	Independent valuer

As at the Latest Practicable Date, the expert named above had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

The expert named above has given and has not withdrawn their written consent to the issue of this circular with the inclusion of its report and references to its name in the form and context in which the respectively appear.

As at the Latest Practicable Date, the expert named above did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up).

9. GENERAL

(a) The registered office of the Company is PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

(b) The principal place of business of the Company in Hong Kong is Unit 916, 9/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.

(c) Ms. Liang Lina is the company secretary of the Company. She is a member of each of the Chinese Institute of Certified Public Accountants, the Hong Kong Institute of Certified Public Accountants and the America Institute of Certified Public Accountants.

(d) The principal share registrar of the Company is Maples Fund Services (Cayman) Limited, P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

(e) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(f) In case of inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on the website of the Stock Exchange (http://www.hkexnews.hk) and on the website of the Company (http://www.youngogroup.com) for a period of 14 days from the date of this circular:

(a) the announcement published by the Company on 15 November 2023;

(b) the material contracts referred to under the paragraph headed "7. Material Contracts" in this Appendix;

(c) the annual reports of the Company for the three years ended 31 December 2020, 2021 and 2022 and the interim report of the Company for the six months ended 30 June 2023;

(d) the valuation report on the Target Company, the text of which is set out in Appendix II to this circular;

(e) the written consent referred to in the paragraph headed "8. Experts and Consents" in this Appendix; and

(f) this circular.