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GOLDEN FAITH GROUP HOLDINGS LIMITED

高豐集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2863)

DISCLOSEABLE TRANSACTION

RELATING TO DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF CORNWALL CONTRACTING COMPANY LIMITED

THE DISPOSAL

The Board is pleased to announce that on 4 June 2024, Champion Goal, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement, pursuant to which Champion Goal agreed to sell, and the Purchaser agreed to purchase, the Sale Shares representing the entire issued share capital of the Disposal Company at the Consideration equal to the sum of HK\$5,000,000 and the NAV. The NAV is agreed not to exceed HK\$1,100,000 and therefore the Consideration shall not exceed HK\$6,100,000.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 4 June 2024, Champion Goal, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement, pursuant to which Champion Goal agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, representing the entire issued share capital of the Disposal Company at the Consideration equal to the sum of HK\$5,000,000 and the NAV. The NAV is agreed not to exceed HK\$1,100,000 and therefore the Consideration shall not exceed HK\$6,100,000.

THE AGREEMENT

The principal terms of the Agreement are as follows:

Date

4 June 2024 (after trading hours)

Parties

- (i) Champion Goal as the Vendor; and
- (ii) Cheung Ho Electric Co., Limited as the Purchaser.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) the Purchaser and its ultimate beneficial owners are third parties independent of, and not connected with, the Company and its connected persons, and (ii) the ultimate beneficial owners of the Purchaser are Mr. Mok Yu Hon, Mr. So Wai Cheung and Ms. Nee Man Fong Yuki.

Assets to be disposed of

Pursuant to the Agreement, Champion Goal has agreed to sell and the Purchaser has agreed to purchase the Sale Shares which represent the entire issued share capital of the Disposal Company. For further information of the Disposal Company, please refer to the paragraph headed "Information on the Disposal Company".

Amount and Basis of Consideration

The Consideration for the disposal of the Sale Shares is the sum of HK\$5,000,000 and NAV which is payable in the following manner:

- (a) HK\$2,000,000 as a deposit payable within three Business Days after the signing of the Agreement; and
- (b) the sum of HK\$3,000,000 and the NAV as the remaining balance payable upon or before Completion.

The Consideration was determined after arm's length negotiations between Champion Goal and the Purchaser having taken into account the Disposal Company's financial positions, profile, experience and goodwill in carrying out electric and maintenance (E&M) engineering works in Hong Kong.

Completion

Completion shall take place on the Completion Date. Champion Goal will provide the Completion Accounts within 15 days after the date of the Agreement. Upon Completion, the Company will cease to hold any interest in the Disposal Company and the Disposal Company will cease to be a subsidiary of the Company.

INFORMATION ON THE DISPOSAL COMPANY

The Disposal Company is a wholly-owned subsidiary of the Company as at the date of this announcement. It is principally engaged in electric and maintenance (E&M) engineering works.

The table below sets forth the audited financial information of the Disposal Company prepared in accordance with the accounting principles generally accepted in Hong Kong:

	For the year ended 30 September	
	2023	2022
	(audited)	(audited)
	HK\$'000	HK\$'000
Revenue	12,366	64,471
(Loss) / profit before and after taxation	(2,225)	5,640

The unaudited net asset value of the Disposal Company was amounted to HK\$1,073,825 as at 31 March 2024, which was mainly comprised of trade receivables, trade payables and cash and bank balances.

INFORMATION ON THE VENDOR AND THE PURCHASER

The Vendor is a wholly-owned subsidiary of the Company and was incorporated in the British Virgin Islands with limited liability. Its principal business is investment holding.

The Purchaser is a limited company incorporated in Hong Kong for over 25 years engaging in electric engineering field.

FINANCIAL EFFECTS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

The Group expects to record a gain on the Disposal of approximately HK\$5 million, which is estimated based on the difference between the Consideration and the net asset value of the Disposal Company as at the Completion Date and it is assumed that such net asset value of the Disposal Company as at the Completion Date shall not be materially different from the net asset value of the Disposal Company as at 31 March 2024. It is intended that the sale proceeds from the Disposal will be used as the general working capital of the Group.

Shareholders should note that the actual gain or loss on the Disposal to be recorded in the consolidated financial statements of the Group will depend on the financial position of the Disposal Company as at the Completion Date, and will be subject to audit to be performed by the auditors of the Company and therefore may be different from the amount mentioned above.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the electrical engineering business. The Group focuses on the electric and maintenance (E&M) engineering service business, partner with prestige main contractors tendering potential projects in Hong Kong, particularly certain large projects relating to hospitals and governmental buildings. The Group considers that the strategy of working with prestige main contractors in large construction projects provide stability of income and profitability for the Group.

The Disposal Company is an Approved Electrical Installation Contractor holding Category “Electrical Installation Group III” on the list of “Specialist Contractors for Public Works” under the Development Bureau of the Government of Hong Kong. In the past years upto now, majority of the large construction projects of the Government of Hong Kong were awarded to the prestige main contractors and most of the main contractors have their own

top-grade E&M installations contractors, holding a series of approvals being obtained from the Development Bureau, which are the direct competitors to the Disposal Company and it would be difficult for the Disposal Company (having an electrical installation approval) to get independent E&M contracts from the owners of the construction projects directly. Therefore, the Disposal Company has encountered difficulties in obtaining contracts in the past years and its revenue decreased substantially for the year ended 30 September 2023. The Disposal Company recorded a loss of approximately HK\$2.2 million for the year ended 30 September 2023.

The Board considers that the Disposal is a good opportunity for the Group to realize its investment in the loss-making Disposal Company; and in line with the Group's strategic objectives, the Group can continuously focus its resources and efforts on working, as partners, with prestige main contractors after the Disposal. As at the date of this announcement, the Group have signed contracts with those prestige main contractors for E&M engineering service of contract sum at about HK\$1,210 million to be completed in the next few years.

The Directors (including independent non-executive Directors) of the Company are of the view that the terms of the Agreement have been negotiated on an arm's length basis, are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Agreement”	the sale and purchase agreement dated 4 June 2024 entered into between Champion Goal and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Business Day(s)”	a day (or days) on which banks are generally open for business in Hong Kong, except Saturday, Sunday, a public holiday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon
“Champion Goal” or “Vendor”	Champion Goal Investments Limited, a company incorporated in the British Virgin Islands with limited liability, and is a wholly-owned subsidiary of the Company
“Company”	Golden Faith Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange (stock code: 2863)

“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreement
“Completion Accounts”	the unaudited balance sheet of the Disposal Company as at 31 March 2024 (or any other date as agreed by Champion Goal and the Purchaser)
“Completion Date”	30 June 2024 or any other date as agreed by Champion Goal and the Purchaser, being the date on which Completion occurs in accordance with the Agreement
“Consideration”	the consideration payable by the Purchaser under the Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares to the Purchaser pursuant to the terms and conditions of the Agreement
“Disposal Company”	Cornwall Contracting Company Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NAV”	the net asset value of the Disposal Company as shown in the Completion Accounts and such amount is agreed not to exceed HK\$1,100,000.
“Purchaser”	Cheung Ho Electric Co., Limited, a company incorporated in Hong Kong with limited liability
“Sale Shares”	6,000,000 ordinary shares in the capital of the Disposal Company, representing the entire issued share capital of the Disposal Company
“Share(s)”	the ordinary share(s) of a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
Golden Faith Group Holdings Limited
Mr. Ko Chun Hay Kelvin
Chairman

Hong Kong, 4 June 2024

As at the date of this announcement, the executive Directors are Mr. Ko Chun Hay Kelvin and Ms. Ko Yung Lai Jackie; the non-executive Directors are Mr. Yung On Wah and Ms. Wong Cheuk Wai Helena; and the independent non-executive Directors are Mr. Chan Wing Fai, Mr. Yeung Wai Lung and Mr. Wong Chi Wing Jovi.