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CHINA GREEN (HOLDINGS) LIMITED

中國綠色食品（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 904)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Yuet Sheung International Securities Limited

On 25 June 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a best effort basis of not less than six Placees, who and whose ultimate beneficial owners will be Independent Third Parties, to subscribe for up to a maximum of 73,031,674 Placing Shares at the Placing Price of HK\$0.2 per Placing Share.

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the Completion, the 73,031,674 Placing Shares represent approximately 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The gross proceeds from the Placing, assuming all the Placing Shares are fully placed, will be HK\$14,606,334.8. The net proceeds from the Placing, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$14,200,000, representing a net issue price of approximately HK\$0.194 per Placing Share. The Company intends to apply the net proceeds from the Placing as to (i) not more than HK\$10,000,000 for any suitable investment when opportunities arise; and (ii) the remaining net proceeds of the Placing will be used as the general working capital of the Group. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable, and the Placing will strengthen the Group's financial position, widen the Company's Shareholder base and is in the interests of the Company and the Shareholders as a whole.

Shareholders and potential investors of the Company shall be aware that Completion is subject to fulfillment of the condition set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

25 June 2021 (after trading hours)

Parties

Issuer: The Company

Placing Agent: Yuet Sheung International Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placing commission

The Placing Agent will receive a placing commission of 2% on the aggregate Placing Price of the Placing Shares placed by the Placing Agent for and on behalf of the Company in pursuance of its obligations under the Placing Agreement. The Directors are of the view that the placing commission accords with the market rate and is fair and reasonable.

Placees

The Placing Shares will be placed on a best effort basis to not less than six Placees who and whose ultimate beneficial owners will be Independent Third Parties. It is expected that none of the Placees will become a substantial Shareholder (as defined in the Listing Rules) immediately after Completion.

Placing Shares

As at the date of this announcement, the Company has 365,158,370 Shares in issue. Assuming that there will be no change in the number of issued Shares between the date of this announcement and Completion, the 73,031,674 Placing Shares represent approximately 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the 73,031,674 Placing Shares is HK\$14,606,334.8.

Placing Price

The Placing Price of HK\$0.2 represents:

- (i) a discount of approximately 6.98% to the closing price of HK0.215 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a premium of 11.11% to the average closing price per Share of approximately HK\$0.180 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Ranking of the Placing Shares

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the adjourned annual general meeting of the Company held on 4 December 2020. Under the General Mandate, the Company is

authorised to allot and issue new shares of the Company not exceeding 20% of the total number of issued shares of the Company as at the date of passing the relevant resolution approving the General Mandate until the revocation, variation or expiration of the General Mandate. As at the date of this announcement, none of the Shares has been issued under the General Mandate. The 73,031,674 Placing Shares to be allotted and issued will fully utilise the General Mandate and therefore, the Placing is not subject to Shareholders' approval.

Placing Condition

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the Company the approval for the listing of, and permission to deal in, the Placing Shares. In the event the above condition is not fulfilled on or before 16 July 2021 (or such later date as may be agreed between the parties to the Placing Agreement in writing), all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and neither of the parties thereto shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

Completion

The Placing shall complete on the day no later than the fourth Business Day immediately following the day on which the condition set out above is satisfied (or such later date as may be agreed between the parties to the Placing Agreement in writing).

Force Majeure

The Placing Agent shall be entitled by notice to the Company during the period from the date of the Placing Agreement up to 8:00 a.m. on the date of Completion to forthwith terminate the Placing Agreement if:

- (a) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (b) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (c) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or

- (d) any statement contained in the Previous Announcements has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

If notice is given pursuant to the above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the Placing Shares.

FUND RAISING DURING THE PAST TWELVE MONTHS

During the past twelve months immediately preceding the date of this announcement, the Company has not conducted any equity fund raising activity.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in growing, processing and sales of agricultural products, and production and sales of consumer food products.

The gross proceeds from the Placing, assuming all the Placing Shares are fully placed, will be HK\$14,606,334.8. The net proceeds from the Placing, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$14,200,000, representing a net issue price of approximately HK\$0.194 per Placing Share.

The Company intends to apply the net proceeds from the Placing as to (i) not more than HK\$10,000,000 for any suitable investment when opportunities arise; and (ii) the remaining net proceeds of the Placing will be used as the general working capital of the Group.

As of the date of this announcement, the Company (1) plans to invest in agricultural science and technology related project but has not yet determined any specific investment or acquisition targets; and (2) had not entered into any negotiation, agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) in relation to any investment or acquisition targets.

The Company will make announcement on any such investment or acquisition in accordance with the requirements under the Listing Rules where appropriate.

The Directors are of the view that the terms of the Placing Agreement are fair and reasonable, and the Placing will strengthen the Group's financial position, widen the Company's Shareholder base and is in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion (assuming the maximum number of Placing Shares are placed and there is no change in the share capital of the Company from the date of this announcement up to the date of Completion are as follows:

Shareholders	As at the date of this announcement		Immediately after Completion	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate%</i>
Capital Mate Limited (<i>Note</i>)	18,327,330	5.02	18,327,330	4.18
Public Shareholders				
Placees	-	-	73,031,674	16.67
Other public Shareholders	346,831,040	94.98	346,831,040	79.15
Total	365,158,370	100.00	438,190,044	100.00

Note:

Capital Mate Limited is an entity controlled by Mr. Sun Shao Feng, an executive Director, the chairman of the Board and the Chief Executive Officer of the Company.

Shareholders and potential investors of the Company shall be aware that Completion is subject to fulfillment of the condition set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business

“Company”	China Green (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Placing in accordance with the terms and condition set out in the Placing Agreement
“connected persons”	has the meanings as ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors by the shareholders pursuant to a resolution passed at the adjourned annual general meeting of the Company held on 4 December 2020 pursuant to which the Directors are allowed to allot and issue up to 73,031,674 Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owners (if applicable) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Last Trading Day”	24 June 2021, being the last trading day for the Shares prior to the date of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individuals, corporate, institutional investors or other investors procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares
“Placing”	the placing of the Placing Shares on and subject to the terms and condition set out in the Placing Agreement

“Placing Agent”	Yuet Sheung International Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 25 June 2021 entered into between the Company and the Placing Agent
“Placing Price”	HK\$0.2 per Placing Share
“Placing Share(s)”	a total of up to a maximum of 73,031,674 new Shares to be placed pursuant to the Placing Agreement
“Previous Announcements”	with respect to all announcements, circulars, interim and annual reports issued by the Company to the Stock Exchange and/or the shareholders of the Company since the publication of the annual report of the Company relating to the annual results of the Company for the year ended 30 April 2020
“Shareholders”	holders of the issued Shares
“Share(s)”	ordinary share(s) of HK\$0.2 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
China Green (Holdings) Limited
Sun Shao Feng
Chairman

Hong Kong, 25 June 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Sun Shao Feng (Chairman and Chief Executive Officer), Mr. Wang Jinhua and Mr. Tong Shun Luen Philip; one non-executive Director, namely Ms. Chen Xiaodan and three independent non-executive Directors, namely Mr. Wei Xiongwen, Mr. Hu Ji Rong and Mr. Guo Zebin.