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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)*

#### **DISCLOSEABLE TRANSACTION – LAND AND ABOVE-GROUND ASSETS ACQUISITION AGREEMENT**

The Board hereby announces that, on 12 August 2021, Zhonglu Hubei, an indirect wholly-owned subsidiary of the Company, the Land Reserve Center and The Gaojiayan Town People's Government entered into the Agreement, pursuant to which, Zhonglu Hubei agreed to dispose and the Land Reserve Center agreed to acquire Zhonglu Hubei's land use right of a parcel of state-owned land for construction located in Gaojiayan Town, Changyang Tujia Autonomous County, Hubei Province together with the above-ground assets. The Relevant Land and the Relevant Assets is a parcel of industrial land with area of approximately 9,510.46 square metres and building with area of approximately 3,828.65 square metres respectively. The Consideration is RMB4,800,000. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Land Reserve Center is a governmental entity established by The Gaojiayan Town People's Government, and The Gaojiayan Town People's Government is a local state administrative authority, each of them and its ultimate beneficial owner(s), if any, is a third party independent of the Company and its connected persons.

As the highest applicable percentage ratio (as defined in Rule 14.04(9) of the Listing Rules) in relation to the Transaction exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

## **INTRODUCTION**

The Board hereby announces that, on 12 August 2021, Zhonglu Hubei, an indirect wholly-owned subsidiary of the Company, the Land Reserve Center and The Gaojiayan Town People's Government entered into the Agreement, pursuant to which, Zhonglu Hubei agreed to dispose and the Land Reserve Center agreed to acquire Zhonglu Hubei's land use right of a parcel of state-owned land for construction located in Gaojiayan Town, Changyang Tujia Autonomous County, Hubei Province together with the above-ground assets.

## **THE AGREEMENT**

The principal terms of the Agreement are set out below:

### **Date**

12 August 2021

### **Parties**

- (i) Zhonglu Hubei, an indirect wholly-owned subsidiary of the Company
- (ii) the Land Reserve Center
- (iii) The Gaojiayan Town People's Government

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Land Reserve Center is a governmental entity established by The Gaojiayan Town People's Government, and The Gaojiayan Town People's Government is a local state administrative authority, each of them and its ultimate beneficial owner(s), if any, is a third party independent of the Company and its connected persons.

## **SUBJECT MATTER**

Pursuant to the Agreement, Zhonglu Hubei agreed to dispose and the Land Reserve Center agreed to acquire Zhonglu Hubei's land use right of a parcel of state-owned land for construction located in Gaojiayan Town, Changyang Tujia Autonomous County, Hubei Province together with the above-ground assets. The Relevant Land and the Relevant Assets is a parcel of industrial land with area of approximately 9,510.46 square metres and building with area of approximately 3,828.65 square metres respectively.

As at the date of this announcement, the Relevant Assets constructed on the Relevant Land are idle and are not in operation.

## **CONSIDERATION**

Pursuant to the Agreement, the parties mutually confirmed the total consideration for the acquisition of the Relevant Land and the Relevant Assets is RMB4,800,000.

The Consideration is determined (i) in accordance with relevant laws and regulations in the PRC as well as the assessment on the Relevant Land and Relevant Assets by the government based on local policies; and (ii) after arm's length negotiation among the parties.

## **LAND DELIVERY TIME AND PAYMENT ARRANGEMENT**

Zhonglu Hubei shall deliver relevant documents, including the land use right certificate and the building ownership certificate etc. to the Land Reserve Center within 183 days from the signing of the Agreement.

The Consideration shall be paid to Zhonglu Hubei in two installments:

- (1) the Land Reserve Center shall pay RMB4,000,000 to Zhonglu Hubei within 10 days from the signing of the Agreement; and
- (2) the Land Reserve Center shall pay RMB800,000 to Zhonglu Hubei within 10 days from the transfer of the Relevant Land and the Relevant Assets to the Land Reserve Center.

## **BREACH OF THE AGREEMENT**

If Zhonglu Hubei fails to fulfil relevant obligations at the time specified under the Agreement, Zhonglu Hubei shall pay 0.1% of the total amount of the Consideration to the Land Reserve Center per each overdue day as liquidated damages and compensate the Land Reserve Center for all the losses it incurred.

If the Land Reserve Center fails to pay the Consideration at the time specified under the Agreement, it shall pay 0.1% of the total amount of the Consideration to Zhonglu Hubei per each overdue day as liquidated damages.

## **FINANCIAL IMPACT OF THE TRANSACTION**

The unaudited book value of the land use right of the Relevant Land as at 30 April 2021 was approximately RMB1,687,000 and the unaudited book value of the Relevant Assets as at 30 April 2021 was approximately RMB1,887,000.

The Transaction will not have a material impact on the normal operation of the Group. Based on the information currently available, the Company expects to record a gain, before tax, from the Transaction of approximately RMB1,226,000. The expected gain represents the difference between (i) the Consideration; and (ii) the aggregate of the book value of the Relevant Land and the Relevant Assets held by the Group as at 30 April 2021 and the estimated expenses of the Company arising from the Transaction. This calculation method is an estimate for illustrative purpose only. Shareholders should note that the actual amount of the Group's gain from the Transaction will be subject to audit, and therefore may be different from the aforesaid amount.

The net proceeds from the Transaction will be applied for the Group's general working capital purpose.

## **INFORMATION ON THE PARTIES TO THE AGREEMENT**

Zhonglu Hubei is a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company. Zhonglu Hubei is principally engaged in growing, processing and sales of agricultural and non-staple products.

The Land Reserve Center is a governmental entity established by The Gaojiayan Town People's Government. Its primary duties include, but not limited to, Gaojiayan Town's urban construction planning.

The Gaojiayan Town People's Government is a local state-administrative authority at Gaojiayan Town at Changyang Tujia Autonomous County of Yichang City of Hubei Province in the PRC.

## **REASONS AND BENEFITS OF THE TRANSACTION**

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

In order to minimize the Group's overall operating costs and strengthen the Group's financial position, the Group intends to dispose the idled production plants. The building on the Relevant Land is idle and currently not being used by the Group. In view of various factors such as the planning of The Gaojiayan Town People's Government, and the Relevant Land and the Relevant Assets are not critical to the operations of the Group's business, it is expected that there will not have any material impact on the Group's overall business operations after completion of the Transaction. Taking into account the value of the Relevant Land and the Relevant Assets, the Consideration amount and the possible gain arising therefrom, the Directors are of the view that the Transaction provides an ideal opportunity to realize the value of the Relevant Assets as well as strengthen the Group's working capital position, and facilitate the optimal strategic allocation of resources to its business needs.

In view of the above reasons and benefits, the Directors consider that the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in Rule 14.04(9) of the Listing Rules) in relation to the Transaction exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

## **DEFINITIONS**

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

“Agreement”	the Land and Above-ground Assets Acquisition Agreement (土地及地上資產收購合同) dated 12 August 2021 entered into among Zhonglu Hubei, the Land Reserve Center and The Gaojiayan Town People’s Government in relation to the Transaction
“Board”	the board of Directors
“Company”	China Green (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issue Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the consideration to be paid by the Land Reserve Center to Zhonglu Hubei in the total amount of RMB4,800,000 pursuant to the Agreement
“Directors”	the directors of the Company
“The Gaojiayan Town People’s Government”	The People’s Government of Gaojiayan Town at Changyang Tujia Autonomous County, Yichang City, Hubei Province, PRC (中國湖北省宜昌市長陽土家族自治縣高家堰鎮人民政府)
“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
“Land Reserve Center”	Changyang Tujia Autonomous County Land Reserve Center (長陽土家族自治縣土地儲備中心)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Relevant Assets”	the building constructed on the Relevant Land with area of 3,828.65 square metres as set out in the Agreement
“Relevant Land”	the land use right of a parcel of state-owned land for construction located in Gaojiayan Town, Changyang Tujia Autonomous County, Yichang City, Hubei Province, PRC with area of 9,510.46 square metres
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.20 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
“Transaction”	the disposal of the Relevant Land and the Relevant Assets by Zhonglu Hubei to the Land Reserve Center as stipulated under the Agreement
“Zhonglu Hubei”	中綠（湖北）食品開發有限公司(Zhonglu (Hubei) Food Development Limited*), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 13 August 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.*

*\* For identification purpose only*