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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 – RESUMPTION AGREEMENT FOR THE LAND USE RIGHT OF STATE-OWNED LAND FOR CONSTRUCTION**

The Board hereby announces that, on 12 August 2021, Zhonglu Hebei, an indirect wholly-owned subsidiary of the Company, and The People's Government of Wanquan County at Zhangjiakou Municipal (張家口市萬全區人民政府) entered into the Agreement, pursuant to which, The People's Government of Wanquan County at Zhangjiakou Municipal will resume the land use right of a parcel of state-owned land for construction located in the West of Aimin Road, Wanquan County, Zhangjiakou Municipal, Hebei Province, PRC (中國河北省張家口市萬全區城區愛民路西) together with the plant and fixtures constructed thereon from Zhonglu Hebei. The Relevant Land is a parcel of industrial land with total area of 19,740.84 square metres. The Compensation payable to Zhonglu Hebei for the resumption of the Relevant Land is RMB14,097,374.64. The Compensation is the compensation for the plant and fixtures erected thereon contemplated under the Agreement and the costs of dismount, transportation and installation of the equipment involved, and no compensation for the land use right of the state-owned land for construction. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, The People's Government of Wanquan County at Zhangjiakou Municipal is a local state administrative authority at Zhangjiakou Municipal of Hebei Province in the PRC and 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 contemplated under the Agreement 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 Hebei, an indirect wholly-owned subsidiary of the Company, and The People's Government of Wanquan County at Zhangjiakou Municipal (張家口市萬全區人民政府) entered into the Agreement, pursuant to which, The People's Government of Wanquan County at Zhangjiakou Municipal will resume the land use right of a parcel of state-owned land for construction located in the West of Aimin Road, Wanquan County, Zhangjiakou Municipal, Hebei Province, PRC (中國河北省張家口市萬全區城區愛民路西) together with the plant and fixtures constructed thereon from Zhonglu Hebei.

## **THE AGREEMENT**

The principal terms of the Agreement are set out below:

### **Date**

12 August 2021

### **Parties**

**Seller:** Zhonglu Hebei, an indirect wholly-owned subsidiary of the Company

**Resuming Party:** The People's Government of Wanquan County at Zhangjiakou Municipal

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, The People's Government of Wanquan County at Zhangjiakou Municipal is a local state administrative authority at Zhangjiakou Municipal of Hebei Province in the PRC and is a third party independent of the Company and its connected persons

## **SUBJECT MATTER**

Pursuant to the Agreement, The People's Government of Wanquan County at Zhangjiakou Municipal will resume the land use right of a parcel of state-owned land for construction located in the West of Aimin Road, Wanquan County, Zhangjiakou Municipal, Hebei Province, PRC (中國河北省張家口市萬全區城區愛民路西) together with the plant and fixtures constructed thereon from Zhonglu Hebei. The Relevant Land is a parcel of industrial land with area of 19,740.84 square metres.

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

## **COMPENSATION**

Pursuant to the Agreement, the Compensation payable to Zhonglu Hebei for the resumption of the Relevant Land is RMB14,097,374.64. The Compensation is the compensation for the plant and fixtures erected thereon contemplated under the Agreement and the costs of dismount, transportation and installation of the equipment involved, and no compensation for the land use right of the state-owned land for construction.

The amount of the Compensation was determined based on the government's valuation of plant and fixtures constructed on the Relevant Land in accordance with the local policies and after arm's length negotiations between the parties to the Agreement.

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

Zhonglu Hebei shall deliver relevant documents, including the land use right certificate and the building ownership certificate etc. to The People's Government of Wanquan County at Zhangjiakou Municipal in accordance with the Agreement upon signing of the Agreement. Upon the resumption of the Relevant Land by The People's Government of Wanquan County at Zhangjiakou Municipal, The People's Government of Wanquan County at Zhangjiakou Municipal shall pay the Compensation to Zhonglu Hebei in full.

## **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 RMB3,000,000 and the unaudited book value of the plant and fixtures constructed thereon as at 30 April 2021 was approximately RMB2,260,000.

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 RMB8,830,000. The expected gain represents the difference between (i) the Compensation; and (ii) the aggregate of the book value of the Relevant Land and the plant and fixtures constructed thereon 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 Hebei is a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company. Zhonglu Hebei is principally engaged in fruits and vegetables plantation, deep processing of corn, and production and sale of quick frozen vegetables and agricultural and non-staple products.

The People's Government of Wanquan County at Zhangjiakou Municipal is a local state administrative authority at Zhangjiakou Municipal of Hebei 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 plant 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 People's Government of Wanquan County at Zhangjiakou Municipal, and the Relevant Land and the plant and fixtures constructed thereon 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 plant and fixtures thereon, the Compensation 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 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 contemplated under the Agreement 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 Resumption Agreement for the Land Use Right of State-owned Land for Construction dated 12 August 2021 entered into between The People’s Government of Wanquan County at Zhangjiakou Municipal and Zhonglu Hebei 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
“Compensation”	the compensation to be paid by The People’s Government of Wanquan County at Zhangjiakou Municipal to Zhonglu Hebei in the amount of RMB14,097,374.64 pursuant to the Agreement
“connected person”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors 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 PRC
“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 Land”	the land use right of a parcel of state-owned land for construction located in the West of Aimin Road, Cheng District, Wanquan County, Zhangjiakou Municipal, Hebei Province, PRC (中國河北省張家口市萬全區城區愛民路西) together with the plant and fixtures constructed thereon to be resumed by The People’s Government of Wanquan County at Zhangjiakou Municipal from Zhonglu Hebei pursuant to the Agreement with a total land area of 19,740.84 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 resumption of the Relevant Land by The People’s Government of Wanquan County at Zhangjiakou Municipal as stipulated under the Agreement

“Zhonglu Hebei”

中綠（河北）食品開發有限公司 (Zhonglu (Hebei) 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*