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GREEN ENERGY GROUP LIMITED

綠色能源科技集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 979)

**DISCLOSEABLE AND CONNECTED TRANSACTION:
DISPOSAL OF 60% INTEREST IN AND LOAN DUE FROM
A NON-WHOLLY OWNED SUBSIDIARY**

The Board is pleased to announce that after trading hours on 9 June 2023, the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser, entered into the SPA pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Share, representing 60% of the issued share capital of the Target, and the Sale Loan, at the Aggregate Consideration of HK\$2.

Completion has taken place immediately after the execution of the SPA. Upon Completion, the Vendor ceased to own any interest in the Target and the Sale Loan.

As one of the relevant percentage ratios (as defined under 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 under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Taking into consideration that the Purchaser owned 40% of the issued share capital of the Target at the time of its entering into the SPA, the Purchaser is a substantial shareholder of a subsidiary of the Company (i.e. the Target) and thus a connected person of the Company under the Listing Rules. As each of the relevant percentage ratios in respect of the Disposal is less than 25% and the Aggregate Consideration is less than HK\$10,000,000, the Disposal is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board is pleased to announce that after trading hours on 9 June 2023, the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser, entered into the SPA pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Share, representing 60% of the issued share capital of the Target, and the Sale Loan, at the Aggregate Consideration of HK\$2.

THE SPA

Major terms of the SPA are set out below.

Date

9 June 2023

Parties

Vendor : EASYKIT LIMITED, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, the principal activity of which is investment holding.

Purchaser : INTER UNICORN LIMITED, a company incorporated in Hong Kong with limited liability, the principal activity of which is investment holding.

The Purchaser is ultimately owned as to 41.25% by Mr. Chau Tat Kong, 28.75% by Mr. Lau Ka Ki, 12.5% by Mr. Lam Kin Wing, 7.5% by Ms. Chan Shuk Yin and 10% by Mr. Leung Yiu Ming David.

Assets to be disposed of

The Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Share, representing 60% of the issued share capital of the Target, free from all encumbrances with effect from Completion and together with all rights and benefits attaching thereto.

Further, the Vendor has agreed to assign, and the Purchaser has agreed to accept the assignment of, all the Vendor's title, rights, benefits and interests to, of and in the Sale Loan absolutely free from all encumbrances with effect from Completion. As at the date of the SPA, the Sale Loan amounted to approximately HK\$3,447,494.

Consideration

The Aggregate Consideration for the Disposal is HK\$2, out of which HK\$1 is the consideration for the Sale Share, while the remaining HK\$1 is the consideration for the Sale Loan. The Aggregate Consideration has been settled by the Purchaser in cash at Completion.

The Aggregate Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms, taking into account the unaudited consolidated net liabilities of the Target as at 30 April 2023 of approximately HK\$13,643,000 and the other factors considered by the Vendor and the Purchaser in determining the Aggregate Consideration as set out in the paragraph headed "Reasons for and benefits of the Disposal" in this announcement.

Completion

Completion has taken place immediately after the execution of the SPA. Immediately before Completion, (i) the Target was a non-wholly owned subsidiary of the Company, 60% of the issued share capital of which was owned by the Vendor; and (ii) the Sale Loan was wholly-owned by the Vendor. Upon Completion, the Vendor ceased to have any interest in the Target and the Sale Loan. The financial results of the Target will no longer be consolidated into the results of the Group after Completion.

INFORMATION ON THE TARGET

The Target is a company incorporated in Hong Kong with limited liability, which was owned as to 60% by the Vendor and 40% by the Purchaser immediately before Completion. The Target is an investment holding company, the principal assets of which are its 100% interest in each of HP Medical, HP Pharmaceuticals and HP Laboratory (HP Medical, HP Pharmaceuticals, HP Laboratory and the Target, collectively referred to as the “**Target Group**”).

HP Medical is a company incorporated in Hong Kong with limited liability, which is principally engaged in the provision of clinical health services. HP Pharmaceuticals is a company incorporated in Hong Kong with limited liability, which is principally engaged in the trading of healthcare products. HP Laboratory is a company incorporated in Hong Kong with limited liability, which is principally engaged in the provision of laboratory diagnostic services. The operations of the healthcare business of the Group were solely supported by the Target Group before Completion.

Set out below is the unaudited consolidated financial information of the Target for the two years ended 30 June 2022 and 2021:

	For the year ended 30 June 2022 (unaudited) (approximately)	For the year ended 30 June 2021 (unaudited) (approximately)
Net loss before taxation	HK\$8,509,000	HK\$6,048,000
Net loss after taxation	HK\$8,509,000	HK\$6,048,000

The unaudited consolidated total assets and the unaudited consolidated net liabilities of the Target as at 30 April 2023 were approximately HK\$2,049,000 and HK\$13,643,000, respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in (i) renewable energy business; (ii) waste construction materials and processing service; (iii) plastic recycling/metal scrap business; (iv) money lending business; and (v) healthcare business.

As part of its strategy to achieve business diversification, the Group started its new venture in the healthcare business in the fourth quarter of 2020, in view of the needs of Coronavirus Disease 2019 (“**COVID-19**”) testing service at the time and the growing demand for health diagnoses and preventive healthcare services among the public. In November 2020, the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser established the Target Group, consisting of the Target and its three wholly-owned subsidiaries, namely, HP Medical, HP Pharmaceuticals and HP Laboratory, with the Vendor and the Purchaser holding 60% and 40% of the issued shares of the Target, respectively. Under the Target Group, a medical centre and laboratory in Sheung Wan, Hong Kong, was set up to provide clinical health services and laboratory diagnostic services, including doctor consultation and medication, laboratory test service, health screening and medical check-up packages, COVID-19 test package and test kits as well as vaccination service.

With the pandemic running rampant in Hong Kong at the time, COVID-19 testing service (including tests fulfilling travelers’ pre-departure and post-arrival testing requirements) was the initial focus of the Group’s healthcare business at its launch. Nonetheless, international travel restrictions, the prolonged delay in the resumption of cross-border travel between Hong Kong and Mainland China and the free COVID-19 testing service provided by the Hong Kong government all had an adverse impact on the development of the Group’s healthcare business. The Group reported a loss of approximately HK\$6 million for its healthcare business for the year ended 30 June 2021. In light of the above, the Group made a strategic move in the third quarter of 2021 by offering a wider range of clinical health services at its medical centre and laboratory. However, being a new entrant to the market, the Group still faced keen competition from large medical groups with chain clinics for diagnosis and treatment services. The loss incurred by the Group’s healthcare business for the year ended 30 June 2022 amounted to approximately HK\$8.5 million. Notwithstanding the series of cost-cutting initiatives undertaken by the Group, including negotiations with the landlord for rent concession and reduction of the number of staff and consultants employed, a net loss of approximately HK\$2.3 million was still reported by the Group for the six months ended 31 December 2022.

Taking into account the continuous underperformance of the Group's healthcare business since its commencement of operations, the Board has made a reassessment of its commercial viability and decided that the Group should cut its losses by disposing of its interest in the Target after considering different options. The view of the Board was that resources of the Group should be re-allocated from its healthcare business to its other more profitable business segments or new projects to earn better returns for the Company and the Shareholders. In addition, further capital of the Group should not be used to fund the operations of the Target Group. On the other hand, in light of the post-pandemic recovery, the Purchaser, which has prior investment experience and connections in the medical field, has regained its confidence in the prospects of the healthcare sector of Hong Kong. In particular, the Purchaser wishes to maintain the business of the Target Group and explore further options to upgrade the quality of its services.

In view of the different views of the Group and the Purchaser on the outlook of the healthcare business, it was mutually agreed between the parties that the Vendor shall sell its interest in the Target to the Purchaser. Upon Completion, as the Purchaser will gain full control of the Target Group, it will have full autonomy in making decisions concerning the Target Group. As the Vendor shall also cease to be a shareholder of the Target upon Completion, it was agreed between the parties that the Vendor shall also assign the Sale Loan to the Purchaser, an arrangement which is in line with the common practice for share transfer transactions. Taking into consideration that (i) the Target has been loss-making with its unaudited consolidated net liabilities amounting to approximately HK\$13,643,000 as at 30 April 2023; and (ii) the amount of the Sale Loan (i.e. approximately HK\$3,447,494 as at the date of the SPA) is lower than and not enough to cover the amount of the unaudited consolidated net liabilities of the Target (i.e. approximately HK\$13,643,000 as at 30 April 2023), the Vendor and the Purchaser agreed that the Sale Share and the Sale Loan shall be sold/assigned by the Vendor to the Purchaser at an aggregate consideration of a nominal value (i.e. HK\$2).

In its reassessment of the commercial viability of the Group's healthcare business, the Board has also considered other options besides the Disposal, including (i) the continuation of the business operations of the Target Group to be supported by further capital injection into the Target by the Vendor and the Purchaser; and (ii) the termination of the business of the Target Group following the winding-up of each member of the Target Group, the costs (including the winding-up costs) of which will amount to approximately HK\$310,000 in aggregate. As such, the Board considers that the Disposal, being the least costly to the Group, to be the option in the best interests of the Company and the Shareholders available.

Upon Completion, the Group expects to recognise an unaudited accounting gain of approximately HK\$5.0 million, being the difference between (i) the Aggregate Consideration; and (ii) the aggregate of the amount of the Sale Loan and the estimated unaudited consolidated net liabilities of the Target attributable to the Sale Share at Completion. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to the final audit to be performed by the Company's auditor and will be determined on the date of the Completion.

As the operations of the healthcare business of the Group were solely supported by the Target Group before Completion, the operations of this business segment will be classified by the Group as discontinued operations after Completion.

The Board intends to use the proceeds from the Disposal for the Group's general working capital.

The Board (including the independent non-executive Directors) is of the view that the terms of the SPA are fair and reasonable, and the transactions contemplated thereunder (including the Disposal) are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. None of the Directors has any material interest in the SPA, which required any of them to abstain from voting on the Board resolutions in relation to the SPA and the transactions contemplated thereunder (including the Disposal).

IMPLICATIONS UNDER THE LISTING RULES

As one of the relevant percentage ratios (as defined under 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 under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Taking into consideration that the Purchaser owned 40% of the issued share capital of the Target at the time of its entering into the SPA, the Purchaser is a substantial shareholder of a subsidiary of the Company (i.e. the Target) and thus a connected person of the Company under the Listing Rules. As each of the relevant percentage ratios in respect of the Disposal is less than 25% and the Aggregate Consideration is less than HK\$10,000,000, the Disposal is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Aggregate Consideration”	HK\$2, being the aggregate consideration for the Disposal
“Board”	the board of Directors
“Completion”	the completion of the Disposal
“Company”	Green Energy Group Limited, a company incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan pursuant to the terms and conditions of the SPA
“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
“HP Laboratory”	Health Plus Laboratory Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target
“HP Medical”	Health Plus Medical Centre Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target
“HP Pharmaceuticals”	Health Plus Pharmaceuticals Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Purchaser”	INTER UNICORN LIMITED, a company incorporated in Hong Kong with limited liability
“Sale Loan”	approximately HK\$3,447,494, being the entire sum owing by the Target to the Vendor at Completion
“Sale Share”	3,000,000 issued shares, representing 60% of the issued share capital of the Target
“Shareholder(s)”	the holder(s) of the share(s) in the share capital of the Company
“SPA”	the sale and purchase agreement dated 9 June 2023 and entered into between the Vendor and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Target”	Health Plus Medical Group Limited, a company incorporated in Hong Kong with limited liability, which was owned as to 60% by the Vendor and 40% by the Purchaser immediately before Completion
“Vendor”	EASYKIT LIMITED, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

On behalf of the Board
Green Energy Group Limited
Lo Kam Wing, JP
Chairman

Hong Kong, 9 June 2023

As at the date of this announcement, the Company has three executive Directors, namely, Mr. Lo Kam Wing, JP, Mr. Luo Xian Ping and Mr. Ho Wai Hung, and two independent non-executive Directors, namely, Mr. Tam Chun Wa and Mr. Sze Cheung Pang.

* *For identification purpose only*