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GREEN LEADER HOLDINGS GROUP LIMITED

綠領控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 61)

DISCLOSEABLE TRANSACTION: DISPOSAL OF THE ENTIRE EQUITY INTERESTS OF GRAND ATHENA LIMITED AND POLARIS SPARK LIMITED

The Board announces that on 23 August 2019, the Company entered into the Sale and Purchase Agreement with the Purchaser in relation to the Disposal of the Sale Shares and the Sale Loans to the Purchaser for an aggregate consideration of US\$700,000 (equivalent to HK\$5,460,000). The Disposal is subject to the satisfaction of the conditions as set out in the paragraph headed “Conditions” below.

As certain of the relevant percentages (aggregated with the Previous Disposal) exceed 5% but all below 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

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SALE AND PURCHASE AGREEMENT

Date: 23 August 2019 (after trading hours)

Parties: (1) The Company as the vendor
(2) The Purchaser as the purchaser

The Purchaser is an individual merchant and was the holder of convertible bonds issued by the Company in the principal amount of HK\$13,251,004, which has become matured on 6 June 2018 and not convertible into Shares thereafter. After the set off against part of the consideration payable by the Group under the Previous Disposal, the outstanding principal amount of the convertible bonds is HK\$6,231,004 as at the date of the Sale and Purchase Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Asset to be disposed:

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell (i) the Sale Shares comprising 1 issued share in the share capital of the Target Company A and 1 issued share in the share capital of the Target Company B, representing 100% of the entire issued share capital of the Target Company A and 100% of the entire issued share capital of the Target Company B; and (ii) the Sale Loans.

The Target Company A is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holdings. The Target Company A holds the entire equity interests of a company incorporated in Cambodia with limited liability and a company incorporated in Hong Kong with limited liability respectively. The Hong Kong subsidiary in turn holds 60% of the equity interests of a PRC company. Save for holding a tenancy agreement for rental of an office premises in Cambodia, the Target Company A and its subsidiaries have no other major business operations as at the date hereof.

The Target Company B holds 49% of the equity interests of a company incorporated in Cambodia with limited liability, which in turn holds certain land in Cambodia.

Consideration:

The total consideration for the Disposal is US\$700,000, which shall be satisfied by the Purchaser in the following manner (or in such other manner as the Vendor and the Purchaser may agree in writing):

- (a) as to US\$700,000 (equivalent to HK\$5,460,000, which shall be payable by the Purchaser to the Company (or as the Company may direct) upon Completion by set-off against the outstanding principal amount of the convertible bonds held by the Purchaser on a dollar-to-dollar basis.

The consideration was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to, among others, the financial position of the Target Group. The Directors (including the independent non-executive Directors) consider the consideration of the Disposal to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions

The Disposal is conditional upon the satisfaction of the following:

- (1) if necessary, the passing of relevant resolution by the Shareholders (other than those who have to abstain from voting at the relevant general meeting of the Company) at general meeting of the Company to approve the Sale and Purchase Agreement and the transactions contemplated thereunder; and
- (2) all necessary consents and approvals for the sale and purchase of the Sale Shares and the Sale Loans having been obtained by the parties.

If the conditions set out above have not been satisfied on or before 30 September 2019, or such later date as the Company and the Purchaser may agree in writing (the "**Long Stop Date**"), the Sale and Purchase Agreement shall cease and terminate and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies thereafter.

Completion

Completion is expected to take place within five Business Days after the fulfilment (or waiver) of the conditions (or such later date as the parties to the Sale and Purchase Agreement may agree) mentioned above.

Upon Completion, both of the Target Company A and the Target Company B will cease to be the wholly owned subsidiaries of the Company. And the Group will cease to have any interests in the Target Group.

INFORMATION ON THE TARGET GROUP

The Target Company A is a company incorporated in the British Virgin Islands with limited liability on 21 March 2017 and is principally engaged in investment holdings. Immediately prior to the entering into of the Sale and Purchase Agreement, the Target Company A is held as to 100% by the Company.

The Target Company B is a company incorporated in the British Virgin Islands with limited liability on 25 July 2017 and is principally engaged in investment holdings. Immediately prior to the entering into of the Sale and Purchase Agreement, the Target Company B is held as to 100% by the Company.

After Completion of the Disposal, the Purchaser shall be interested in the entire issued share capital of both the Target Company A and the Target Company B. And the Company shall cease to have any interests in the Target Company A and the Target Company B.

The Target Company A is currently the sole beneficial owner of the entire issued share capital of a Cambodia company and a Hong Kong company. The Cambodia company is a company incorporated in Cambodia with limited liability on 2 October 2017 and has entered into a tenancy agreement for rental of an office premises in Cambodia. The Target Company A and its subsidiaries have no other major business operations as at the date hereof.

The Target Company B is currently the 49% shareholder of the entire issued share capital of a Cambodia company, which in turn holds certain land in Cambodia. The Target Company B controls the board of directors of that Cambodia company. The Target Company B and its subsidiary have no major business operations as at the date hereof.

Set below is the unaudited pro forma consolidated financial information of the Target Group:

	For the year ended 31 December 2017 HK\$	For the year ended 31 December 2018 HK\$
Loss before taxation	3,900,109	4,432,619
Loss after taxation	3,900,109	4,432,619
Net liability value (including the Sale Loans)	4,266,667	4,817,215

Based on the unaudited pro forma consolidated management accounts of the Target Group, it is estimated that upon Completion, the Group will record a gain of approximately HK\$434,000 upon Completion of the Disposal and an increase in the net assets of the Group by approximately HK\$434,000. The expected gain on Disposal is calculated based on the net assets position of the Target Group of approximately HK\$5,026,000 as at 31 July 2019 (excluding the Sale Loans) and the consideration of HK\$5,460,000. The actual gain or loss from the Completion of the Disposal shall be subject to relevant recognition under applicable accounting standards.

REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

The Group is principally engaged in (i) the development of cassava cultivation and deep processing business for the related ecological cycle industry chain; (ii) coal exploration and development, and sales of coking coal and the provision of coal trading and logistics services; and (iii) the sales of information technology products, system integration, technology service, software development and solution.

The Company considers that the Disposal is an opportunity for the Company to realize its investments in the Target Group. In light of the uncertainty in the future global economy, the Company considers that the Disposal represents an opportunity to divest in the Target Group to allow it to reallocate the Group's resources. After due consideration of the current financial position of the Target Group, the future uncertainty on the prospects of the Target Group and potential capital commitments in the Target Group thereof, the Company considers that the Disposal represents an opportunity to realise its investments in the Target Group.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Sale and Purchase Agreement are reasonable and fair and in the interests of the Shareholders as a whole.

After deducting expenses relating to the Disposal, there will be no net proceeds from the Disposal as the consideration will be set off against the outstanding principal amount of the convertible bonds held by the Purchaser on a dollar-to-dollar basis.

LISTING RULES IMPLICATION

Pursuant to Chapter 14 of the Listing Rules, the Previous Disposal and the Disposal will be aggregated as the transactions involve disposal of subsidiaries by the Group to the same Purchaser and are to be completed within 12 months. For the avoidance of doubt, the Disposal and the Previous Disposal are not inter-conditional upon each other.

As certain of the relevant percentages (aggregated with the Previous Disposal) exceed 5% but all below 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors from time to time
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Cambodia”	The Kingdom of Cambodia
“Company” or “Vendor”	Green Leader Holdings Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the Sale and Purchase Agreement
“Directors”	directors of the Company
“Disposal”	the disposal by the Company of the Sale Shares and the Sale Loans subject to and upon the terms and conditions of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, 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 of the Company in accordance with the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Previous Disposal”	the disposal of the entire equity interests of Cosmo Soar Limited by the Group to the Purchaser as disclosed in the announcements of the Company dated 18 and 21 June 2019
“Purchaser”	王智强 (Wang Zhiqiang*), purchaser to the Sale and Purchase Agreement
“Sale and Purchase Agreement”	the sale and purchase agreement dated 23 August 2019 and entered into between the Company and the Purchaser for the sale and purchase of the Sale Shares and the Sale Loans
“Sale Shares”	the entire issued share capital of the Target Company A and the entire issued share capital of the Target Company B
“Sale Loans”	all obligations, liabilities and debts owing or incurred by the Target Group to the Group (other than the Target Group) on or at any time prior to Completion
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company A”	Grand Athena Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Company B”	Polaris Spark Limited, a company incorporated in the British Virgin Islands with limited liability

“Target Group”	Target Company A, Target Company B and their respective subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By the order of the Board of
Green Leader Holdings Group Limited
Zhu Zheyu
Chairman

Hong Kong, 23 August 2019

As at the date of this announcement, the Directors are:

Executive Directors

Mr. Zhang Sanhuo
Mr. Tse Michael Nam (*Chief Executive Officer*)
Ms. Zhang Tingting

Non-executive Directors

Ms. Zhu Zheyu (*Chairman*)
Mr. Chang Che-Fa

Independent non-executive Directors

Ms. Leung Yin Fai
Mr. Lyu Guoping
Mr. Jin Xuliang

* *For identification purposes only*