GREEN INTERNATIONAL HOLDINGS LIMITED
格林國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2700)

BUSINESS UPDATE

This announcement is made by Green International Holdings Limited (the "**Company**", which together with its subsidiaries are collectively referred to as the "**Group**") for the purposes of updating the shareholders of the Company (the "**Shareholders**") and potential investors on the business operations of the Group.

The board (the "**Board**") of directors (the "**Directors**") of the Company announces that based on the preliminary assessment of the unaudited consolidated management accounts of the Group, the Group is expected to record an increase in its loss for the year ending 31 December 2019 ("**FY2019**") as compared to the corresponding period in 2018, principally as a result of the under-performance of the Group's club house business and beauty and wellness business, which in turn were principally due to the weakened consumer sentiment in Shenzhen throughout the year especially since the third quarter of 2019. The management of the Company is taking measures to cope with the business downturn of the affected segments, as explained below in this announcement.

This announcement contains forward-looking statements relating to the Group which are based on the preliminary assessment of the Board by reference to information currently available to the Group's management and assumptions made by the management regarding, amongst other things, business prospects and developments, and trends in industry, countries and global economy. These forward-looking statements merely reflect the Group's current views on future events and should not be regarded as a guarantee of future performance or developments. Actual results and developments may differ materially from the forward-looking information contained in this announcement as a result of a wide range of risks and uncertainties many of which are beyond the Group's control. Accordingly, no reliance shall be placed on any forward-looking information or statements in this announcement.

Subject to the qualification above, the Board hereby updates the Shareholders and potential investors on the business operations and the latest development of the Group as follows.

BUSINESS UPDATE

Health, medical and related business

The Group's health, medical and related services segment comprises the club house business in Shenzhen (the "**Club House Business**") operated by the Group's wholly-owned subsidiary, Green Silver Lake Healthcare & Wellness (Shenzhen) Co., Ltd. (格林銀湖健康養生(深圳)有限公司) ("**Green Silver Lake**") and the hospital business in Hunan Province (the "**Hospital Business**") operated by other subsidiaries of the Company. For the year ended 31 December 2018 ("**FY2018**") and the six months ended 30 June 2019 ("**1H2019**"), the Club House Business recorded: (a) revenue of approximately HK$12,046,000 and HK$1,738,000, respectively; and (b) operating loss of approximately HK$17,314,000 and HK$11,468,000, respectively.

The Board expects that the revenue of the Club House Business will continue to drop and its operating loss will continue to deteriorate throughout FY2019, principally due to the weakened consumer sentiment in Shenzhen throughout this year especially since the third quarter of 2019. In addition, the Club House Business suffered from a temporary power suspension in October 2019 due to a dispute (the "**Dispute**") between Green Silver Lake and the property management company of the premises of the Club House Business (the "**PM Company**") regarding the amount of reimbursement of electricity fees. In November 2019, Green Silver Lake commenced legal action to seek to recover from the PM Company an over-payment of approximately RMB4,260,000 and other damages and remedies. On 3 December 2019, Green Silver Lake received a counter-claim from the PM Company regarding an alleged under-payment of RMB1,560,000.

Green Silver Lake has instructed its legal advisers to uphold its lawful rights and pursue after the PM Company for damages suffered by Green Silver Lake as a result of the PM Company's breach of contractual obligations. The Dispute is expected to deteriorate the already unsatisfactory operating results of the Club House Business, although the adverse effect has yet to be quantified. Further announcement will be made if and when there is any development of the Dispute or the Club House Business which warrant further disclosure.

Given the high operating and maintenance costs (such as rental, labour and utilities) and the low profit margin and continuous loss-making situation of the Club House Business, the Directors were regularly reviewing the business strategy in relation to this part of the Group's business. In the light of the weakened consumer sentiment in Shenzhen throughout this year especially since the third quarter of 2019, the Directors will continue to seek to limit the loss exposure of the Club House Business by adopting cost-control measures. The existing lease agreement of the premises of the Club House Business will expire in the first quarter of 2020, and the Company has already been engaged in discussions with the landlord on the different possibilities on the lease expiry. In the meantime, the Company has focused its internal resources in further developing the Hospital Business, which has a higher entry barrier in terms of investment size and licensing requirements.

Beauty and wellness business

The beauty and wellness business operated by the Group's 70%-owned subsidiary, Shenzhen Marsa Guer Chain Enterprise Co., Ltd. (深圳瑪莎嘉兒連鎖實業有限公司) ("**Shenzhen Marsa**"), is expected to record a decrease in revenue by over 20% for FY2019, principally due to the weakened consumer sentiment in Shenzhen throughout the year especially since the third quarter of 2019. In addition, one beauty centre was closed down in the first half of 2019 pursuant to an urban redevelopment order issued by the Shenzhen government.

To cope with the weakening of consumer sentiment in Shenzhen, Shenzhen Marsa adopts a conservative strategy by slowing down its pace of expansion (whether for its own shop opening and for the cooperation with business partners) and adopting cost-control measures, pending improvement of consumer sentiment in Shenzhen and China at large.

Integrated financial business

The Group's integrated financial business comprises the money lending business (the "**Money Lending Business**") which was operated by Green Capital (Hong Kong) Limited ("**Green Capital**"), a wholly-owned subsidiary of the Company and a licensed money lender in Hong Kong, and the securities brokerage and asset management business operated by other subsidiaries of the Company. Since 2017, the Money Lending Business did not generate any revenue to the Group and continued to suffer loss due to the lack of expertise in developing this part of the business. During the past two years, Green Capital has stopped granting new loans and focused on debt-recovery actions through litigations (the "**Recovery Actions**") to pursue after the Group's debtors for the outstanding loans, promissory notes and receivables which were owed to the Group prior to 2017, which were impaired in the financial statements of the Group in or prior to the year ended 31 December 2017 but remained outstanding despite the Recovery Actions (the "**Distressed Debts**").

Due to the lack of expertise in developing the Money Lending Business and the significant legal costs of the Recovery Actions, the Directors have explored the possibility of disposing of the Money Lending Business together with the portfolio of Distressed Debts. In December 2019, the Company entered into a sale and purchase agreement (the "**Disposal Agreement**") with Mr. Cao Limin (the "**Purchaser**"), a merchant and a third party independent of the Company and its connected persons, pursuant to which the Company agreed to sell (the "**Disposal**"), and the Purchaser agreed to purchase, the entire issued share capital of Harmonic Felicity Limited (the "**Target Company**") for a cash consideration of HK$2,200,000 payable on Completion, together with a proportional entitlement (the "**Outcome Sharing Entitlement**") to share any cash proceeds derived from any successful enforcement of winning judgment(s) of any of the Recovery Actions on the Distressed Debts which are owned by the Target Company and its subsidiaries (collectively, the "**Target Group**"), after deducting the post-disposal litigation and recovery costs. The sharing proportion of the Company's entitlement shall initially be 70%, decreasing progressively to 55%, 40%, 20% and nil as from July 2020, January 2021, July 2021 and January 2022 to reflect the deterioration of risk-and-return position of the Distressed Debts as time progresses.

The Target Company is the holding company of Green Capital and Sino Front Limited, another wholly-owned subsidiary of the Group and an inactive company. The Target Group is the owner of the Distressed Debts and the plaintiff of the Recovery Actions. For the year ended 31 December 2018, the Target Group (on a combined basis) carried out no business operations, recorded no revenue and insignificant operating loss (before taking into account the legal costs associated with the Recovery Actions). Based on the unaudited management accounts of the Target Group, as at 19 December 2019, both the total and net assets of the Target Group (on a combined basis) amounted to approximately HK$1.1 million.

The Directors are of the view that the Disposal can reduce the Group's continual exposure to further litigation and recovery costs and cut loss on the money lending business while retaining a partial interest in the prospect of the Recovery Actions. The Group is expected to recognize a net gain on disposal in the amount of approximately HK$1.1 million on completion of the Disposal. The Directors are of the view that the terms of the Disposal Agreement (including the Outcome Sharing Entitlement) are fair and reasonable and that the entering into of the Disposal is in the best interests of the Company and its shareholders as a whole.

By order of the Board
Green International Holdings Limited
Yu Qigang
Chairman

Hong Kong, 20 December 2019

As at the date of this announcement, the executive directors are Mr. Yu Qigang (Chairman), Mr. Chen Hanhong and Mr. Liu Dong; and the independent non-executive directors are Mr. Wu Hong, Mr. David Tsoi and Mr. Wang Chunlin.