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GREEN INTERNATIONAL

Holdings Limited

格林國際控股有限公司

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(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2700)

ANNOUNCEMENT

**(1) NON-FULFILLMENT OF PROFIT GUARANTEES
IN RESPECT OF
THE ACQUISITION OF RAINBOW STAR GLOBAL LIMITED;
(2) THE ISSUE OF THE 3RD MARSА CB;
(3) THE PARTIAL CANCELLATION OF THE MARSА CB;
AND
(4) THE CONVERSION OF THE REMAINING MARSА CB**

Reference is made to (1) the announcement (the “**Acquisition Announcement**”) of Green International Holdings Limited (the “**Company**”) dated 21 November 2014 and the circular (the “**Acquisition Circular**”) dated 24 December 2014 in relation to the acquisition (the “**Acquisition**”) of the entire equity interest of Rainbow Star Global Limited (“**Rainbow Star**”); and (2) the annual results announcement dated 29 March 2018 and the annual report of the Company for the year ended 31 December 2017.

THE ACQUISITION AND THE MARSА CB

On 21 November 2014, the Company entered into a sale and purchase agreement (the “**Acquisition Agreement**”) with Mr. Chung Sum Sang and Ms. Eva Au (the “**Vendors**”) pursuant to which the Company acquired from the Vendors the entire equity interest of Rainbow Star for the maximum aggregate consideration of HK\$217,000,000, out of which HK\$54,250,000 was settled in cash and the remaining consideration of not more than HK\$162,750,000 was expected to be settled by the issue of three equal tranches of convertible bonds by the Company, in the principal sum of HK\$54,250,000 each (the “**1st Marsа CB**”, the “**2nd Marsа CB**” and the “**3rd Marsа CB**”, respectively, and collectively referred to as the “**Marsа CBs**”). In accordance with the terms and conditions of the Acquisition Agreement, the Company issued the 1st and 2nd Marsа CBs to the Vendors or their nominees on 20 May 2015 and 20 May 2016, respectively.

THE ISSUE OF THE 3RD MARSА CB

The board (“**Board**”) of directors (“**Directors**”) of the Company wishes to announce that on 3 May 2018, the Company notified the Vendors regarding the issue of the 3rd Marsa CB, the terms of which were already set out in the Acquisition Announcement and the Acquisition Circular.

THE PROFIT GUARANTEES AND THE PG FAILURE CANCELLATION RIGHT

Rainbow Star is an investment holding company, its principal asset being 70% indirect equity interests in Shenzhen Marsa Guer Chain Enterprise Limited (深圳瑪莎嘉兒連鎖實業有限公司) (“**Shenzhen Marsa**”) which, together with its subsidiaries, are principally engaged in the provision of beauty and wellness related services.

As disclosed in the Acquisition Announcement and the Acquisition Circular, if the audited consolidated net profit after tax (“**Marsa NPAT**”) of Shenzhen Marsa as audited by the auditors appointed by the Company for the three years ended 31 December 2015, 2016 and 2017 is less than RMB20 million (the “**Profit Guarantee**”), the Company shall have a right to redeem and cancel in whole or part of the 1st, 2nd and 3rd Marsa CBs, respectively, at the nominal sum of HK\$1 (the “**PG Failure Cancellation Right**”) based on the formula stipulated in the Acquisition Announcement and the Acquisition Circular, essentially requiring the Marsa CBs being cancelled on a pro-rata basis in proportion to the fulfillment shortfall (calculated by reference to the actual Marsa NPAT of the relevant year as compared with the promised Profit Guarantee level of RMB20 million).

THE SHARE REDEMPTION ELECTION RIGHT

As disclosed in the Acquisition Announcement and the Acquisition Circular, the Company shall have a right to redeem the 1st, 2nd and 3rd Marsa CBs (in part or in whole) by issuing shares of the Company (the “**Share Redemption Election Right**”) at the conversion price of the Marsa CBs of HK\$0.50 per share of the Company (“**Share**”) during the period commencing from the first business day immediately after the respective issue date of the 1st, 2nd and 3rd Marsa CBs (as the case may be) and ending on the business day immediately before their respective maturity dates. As disclosed in the Acquisition Announcement and the Acquisition Circular, while the Company may be requested by the bondholders to redeem the Marsa CBs on the maturity date, the free choice between Share or cash redemption is still vested in the Company.

THE SELL-BACK RIGHT

Under the terms of the Acquisition Agreement, if Marsa NPAT is lower than the Profit Guarantee level of RMB20 million in all three years ended 31 December 2015, 2016 and 2017, the Company shall have the additional right to sell, and require the vendors to buy back Rainbow Star at a consideration which is equivalent to the consideration already paid by the Company.

NON-FULFILLMENT OF PROFIT GUARANTEES AND PARTIAL CANCELLATION OF MARSА CB

The Board wishes to announce that Marsa NPAT for the three years ended 31 December 2015, 2016 and 2017 have fallen short of the Profit Guarantee level of RMB20 million. On 3 May 2018, the Company exercised the PG Failure Cancellation Right to cancel part of the 1st, 2nd and 3rd Marsa CBs based on the fulfillment shortfall of the Profit Guarantee. On 4 May 2018, the Company exercised the Share Redemption Election Right over all the Marsa CBs so remained after the said partial cancellation.

We summarize below the actual Marsa NPAT, the fulfillment ratio as compared with the Profit Guarantee, the cancellation and remaining portions of the 1st, 2nd and 3rd Marsa CBs, and the number of conversion shares (the “**Conversion Shares**”) issuable by the Company pursuant to the exercise of the conversion right (the “**Conversion**”) attaching to the Marsa CBs as a result of the Company’s exercise of the Share Redemption Election Right, at the conversion price of HK\$0.50 per Share:

	Actual Marsa NPAT (RMB)	Fulfillment ratio	Marsa CBs cancelled (HK\$)	Marsa CBs remained (HK\$)	Conversion Shares
2015	6,618,000	33.09%	36,298,675	17,951,325	35,902,650
2016	4,525,280	22.62%	41,978,650	12,271,350	24,542,700
2017	<u>2,244,000</u>	<u>11.22%</u>	<u>48,163,150</u>	<u>6,086,850</u>	<u>12,173,700</u>
		Total:	<u>126,440,475</u>	<u>36,309,525</u>	<u>72,619,050</u>

CONVERSION OF REMAINING MARSА CB

As a result of the exercise of the Share Redemption Election Right by the Company, the Company will allot and issue 72,619,050 Conversion Shares, representing (a) approximately 3.22% of the total number of 2,257,452,606 issued Shares prior to the Conversion; and (b) approximately 3.12% of the total number of 2,330,071,656 issued Shares as enlarged by the Conversion. The Conversion Shares will, when issued, rank *pari passu* in all respects amongst themselves and with all other existing Shares on the day of allotment. The allotment and issue of the Conversion Shares is expected to take place on or before 19 May 2018. As a result of the exercise of the PG Failure Cancellation Right and the Share Redemption Election Right, no Marsa CB will remain or be outstanding after the Conversion.

The issued share capital of the Company will increase from 2,257,452,606 Shares to 2,330,071,656 Shares upon the allotment and issue of the Conversion Shares. The Conversion Shares are issued by the Company under the specific mandate of the Company granted by shareholders of the Company (“**Shareholders**”) to the Directors at the extraordinary general meeting of the Company which was held on 29 January 2015.

The table below illustrates the shareholding structures of the Company immediately before and after the Conversion:

Shareholders	Before the Conversions		After the Conversions	
	Shares	%	Shares	%
Gold Bless International Invest Limited	987,697,627	43.75	987,697,627	42.39
Mr. Liu Dong ^(Note 1)	251,460,000	11.14	251,460,000	10.79
Dogain Capital Limited	124,960,000	5.54	124,960,000	5.36
Allottees of the Conversion Shares	—	—	72,619,050	3.12
Other Public Shareholders	893,334,979	39.57	893,334,979	38.34
Total	<u>2,257,452,606</u>	<u>100.00</u>	<u>2,330,071,656</u>	<u>100.00</u>

Note:

- These 251,460,000 Shares comprise (a) 91,460,000 Shares held by Mr. Liu Dong personally; and (b) 160,000,000 Shares held by his controlled corporation, Smoothly Good Investment Development Limited.

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

Hong Kong, 4 May 2018

As at the date of this announcement, the executive Directors are Mr. Yu Qigang (Chairman), Mr. Zeng Xiangdi (Chief Executive Officer), Mr. Yang Wang Jian, Mr. Chen Hanhong and Ms. Eva Au; the non-executive Director is Ms. Yu Jiaoli; and the independent non-executive Directors are Mr. Wu Hong, Mr. David Tsoi, Mr. Wang Chunlin and Ms. Sun Zhili.