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)

DISCLOSEABLE TRANSACTION — DISPOSAL OF SUBSIDIARY

The Board wishes to announce that on 19 May 2020, the Company (as vendor) and the Purchaser entered into the Disposal Agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the Disposal Interests for a total cash Consideration of HK$100,000.

As the applicable 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 for the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board wishes to announce that on 19 May 2020, the Company (as vendor) and the Purchaser entered into the Disposal Agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the Disposal Interests for a total cash Consideration of HK$100,000.

THE DISPOSAL AGREEMENT

The principal terms of the Disposal Agreement are as follows:

Date

19 May 2020

Parties

(i) The Company (as vendor); and

(ii) The Purchaser.

The Purchaser is a PRC national. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser is a third party independent of and not connected with the Company and its connected persons.

Subject matter

Pursuant to the Disposal Agreement, the Company agreed to sell, and the Purchaser agreed to purchase, the Disposal Interests for a total cash Consideration of HK$100,000. The Disposal Interests comprise the entire issued share capital of the Target Company. Prior to the entering into of the Disposal Agreement, the entire issued share capital of the Target Company was owned by the Company.

Pursuant to the Disposal Agreement, the Purchaser will take over the Target Group carrying its debts, liabilities and litigations as at and after Completion, save and except the Shareholder Loan owed by the Target Group to the Remaining Group in the approximate amount of HK$160 million (principally representing the Group's aggregate advances into the Target Group to replenish its working capital and sustain its continuous operating losses while it was wholly-owned by the Group) which was fully impaired in the accounts of the Group prior to the entering into of the Disposal and shall be waived, capitalized or assigned in accordance with the instructions of the Purchaser on Completion.

Consideration

The total cash Consideration for the Disposal is HK$100,000, which shall be payable by the Purchaser to the Company on Completion. The Consideration was arrived at after arm's length negotiations between the Company and the Purchaser, taking into account the Net External Liabilities of the Target Group and the loss-making situation of the Club House Business. The Company intends to utilize the cash Consideration generated from the Disposal to repay debts and liabilities of the Group when they fall due.

Completion

Completion of the Disposal Agreement is not subject to any conditions precedent, and is expected to take place within fourteen days after the signing of the Disposal Agreement. Upon Completion of the Disposal, all the members of the Target Group will cease to be subsidiaries of the Company.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability, with its only principal asset being the 100% shareholding interest in HK Company. Prior to the entering into of the Disposal Agreement, the entire issued share capital of the Target Company was owned by the Company.

HK Company is an investment holding company incorporated in Hong Kong with limited liability, with its only principal asset being the 100% equity interest in PRC Company. PRC Company is a limited liability company established in the PRC, with its principal business being the operation of the Club House Business of the Group in Shenzhen, the PRC.

As at 15 May 2020, the unaudited total assets and unaudited net liabilities (excluding Shareholder Loan) of the Target Group were HK$7,311,000 and HK$2,689,000, respectively. For the year ended 31 December 2019, the Target Group recorded revenue, gross profit, loss before tax and loss after tax of HK6,520,000, HK$3,708,000, HK$18,044,000 and HK$18,044,000, respectively. For the year ended 31 December 2018, the Target Group recorded revenue, gross profit, loss before tax and loss after tax of HK$15,128,000, HK$11,171,000, HK$14,380,000 and HK$14,380,000, respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal activity of the Company is investment holding. Its principal subsidiaries are engaged in the provision of (i) health, medical and related services; (ii) beauty and wellness services; and (iii) integrated financial services comprising securities brokerage and asset management. The Group's health, medical and related services segment comprises: (a) the Club House Business in Shenzhen operated by the Target Company; and (b) the Hospital Business in Hunan Province operated by other subsidiaries of the Company.

The revenue of the Club House Business continued to drop and its operating loss continued to deteriorate throughout the year 2019, principally due to the weakened consumer sentiment in Shenzhen in 2019 especially since the third quarter of 2019. In addition, the Club House Business suffered from temporary power suspensions and litigations and disputes with various parties including the property management company of the premises of the Club House Business since the second half of 2019.

As disclosed in the Company's announcement dated 20 March 2020, the prolonged effect of the novel Coronavirus epidemic (the "**Epidemic**") and the imposition of travel restrictions and other public health measures (the "**Public Health Measures**") since late January 2020 has adversely affected the human resources of the Club House Business in Shenzhen. The performance of the Club House Business already faced unprecedented challenges due to the weakened consumer sentiment in Shenzhen throughout 2019, continued to be sluggish in January 2020 due to the traditionally low season for these industries around the time of Chinese new year, and further deteriorated in February 2020 due to the abrupt downturn of the service industry and consumer market due to change of consumption pattern during the Epidemic. At that time, it was estimated that the revenue of the Club House Business might have been down by over 60% during January and February 2020 as compared to the corresponding period in 2019. The Company can now state with more certainty that the performance of the Club House Business did not show any improvement in March and April 2020 and has, during almost the entire period, recorded revenue of close to nil. If this situation is to persist, the Club House Business is expected to incur higher loss as compared to last year. In the light of 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 have decided not to renew the lease of the existing premises of the Club House Business at its expiry in May 2020.

Pursuant to the Disposal Agreement, the Purchaser will take over the Target Group carrying its debts, liabilities and litigations as at and after Completion, and the Company is no longer required to inject further capital or loan to the Target Group to support its operations and liabilities beyond Completion. As explained above, the Group has already advanced the Shareholder Loan in the amount of approximately HK$160 million in aggregate to the Target Group, principally to replenish its working capital and sustain its continuous operating losses while it was wholly-owned by the Group. Due to the lack of chance for the Target Group to turnaround to profit in the near future without further investment, there is no reasonable prospect for the Group to be able to recoup the accumulated loss and the Shareholder Loan from the Target Group. Accordingly, the Directors are of the view that the Disposal is the most time-efficient and cost-effective way to cut loss on its Club House Business. In the light of the reasons stated above, the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Disposal (including the Consideration) are fair and reasonable and that the entering into of the Disposal Agreement is in the best interests of the Company and its shareholders as a whole.

Since the revenue and total assets of the Club House Business only contributed for approximately 8.29% and 2.39% of the Group's total revenue and total assets, the Directors are of the view that the Disposal will not cause any material adverse impact to the business, operations and financial position of the Group. Going forward, the Group's health, medical and related services segment will focus on the Hospital Business which has a higher entry barrier in terms of investment size and licensing requirements, is less sensitive to market sentiment and more resilient to the impact of the Epidemic.

The Company expects to record a gain on disposal arising from the Disposal in the amount of approximately HK$2,789,000, being the difference between the Consideration for the Disposal and the Net External Liabilities of the Target Group of approximately HK$2,689,000 as at 15 May 2020. Shareholders should note that the above calculation of gain/loss on disposal has not taken into account the effect of the full impairment of the Shareholder Loan, is purely for illustration purpose and may be subject to adjustments upon further review by the Company and its auditors after the Completion.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable 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 for the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following terms shall have the meanings set out below unless the context requires otherwise:

"**Board**"	the board of Directors
"**Club House Business**"	the club house business operated by the PRC Company in Shenzhen

“**Company**”	Green International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange with stock code 2700
“**Completion**”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“**connected person(s)**”	having the meaning ascribed thereto under the Listing Rules
“**Consideration**”	the consideration for the Disposal
“**Directors**”	the directors of the Company
“**Disposal**”	the proposed disposal of the Disposal Interests by the Company to the Purchaser pursuant to the terms and conditions of the Disposal Agreement
“**Disposal Agreement**”	the sale and purchase agreement entered into amongst the Company (as vendor) and the Purchaser dated 19 May 2020 in relation to the Disposal
“**Disposal Interests**”	the entire issued share capital of the Target Company proposed to be acquired by the Purchaser from the Company under the Disposal
“**Group**”	the Company and its subsidiaries from time to time
“**HK Company**”	Big Point Investment Limited (宏向投資有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company
“**HK$**”	Hong Kong dollars, the lawful currency of Hong Kong
“**Hong Kong**”	the Hong Kong Special Administrative Region of the PRC
“**Hospital Business**”	the hospital business operated by the Group principally carrying out, amongst other permitted medical treatments, hemodialysis treatment, in Hunan Province
“**Listing Rules**”	the Rules Governing the Listing of Securities on the Stock Exchange
“**Net External Liabilities**”	the net liabilities of the Target Group as at Completion, excluding all amounts owed by the Target Group to the Remaining Group which shall be waived or assigned to the Purchaser as part of the Disposal
“**PRC**”	the People’s Republic of China

"**PRC Company**"	Green Silver Lake Healthcare & Wellness (Shenzhen) Co., Ltd. (格林銀湖健康養生(深圳)有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of HK Company
"**Purchaser**"	Mr. CHEN Xinghe (陳興和), a PRC national and the purchaser under the Disposal
"**Remaining Group**"	the Group, excluding the Target Group
"**Share(s)**"	share(s) of HK$0.04 each in the share capital of the Company
"**Shareholders**"	holders of the Shares
"**Shareholder Loan**"	the amounts owed by the Target Group to the Remaining Group in the approximate amount of HK$160 million, representing the Group's aggregate advances to the Target Group, principally to sustain its accumulated losses in the past
"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited
"**Target Company**"	New Giant Holdings Limited (新巨控股有限公司), a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is legally and beneficially owned by the Company prior to the entering into of the Disposal Agreement
"**Target Group**"	the Target Company and its subsidiaries from time to time, including HK Company and PRC Company
"**%**"	per cent

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

Hong Kong, 19 May 2020

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.