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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)

**SUPPLEMENTAL ANNOUNCEMENT
REGARDING THE USE OF PROCEEDS**

Reference is made to:

- (1) the announcements of Green International Holdings Limited (the “**Company**”, which together with its subsidiaries are collectively referred to as the “**Group**”) dated 1 February 2019 and 3 April 2019 in relation to the issuance of Shares by the Company under specific mandate constituting a connected transaction (the “**2019 Subscription**”), raising net proceeds of approximately HK\$156 million (the “**2019 Subscription Net Proceeds**”);
- (2) the Company’s annual report for the year ended 31 December 2019 (the “**2019 Annual Report**”);
- (3) the Company’s prospectus dated 24 November 2020 and the Company’s announcements dated 25 September 2020 and 15 December 2020 in relation to the one-for-one rights issue of the Company (the “**2020 Rights Issue**”), raising net proceeds of approximately HK\$95.9 million (the “**2020 Rights Issue Net Proceeds**”); and
- (4) the Company’s annual report for the year ended 31 December 2020 (the “**2020 Annual Report**”).

Unless the context otherwise requires, capitalized terms in this announcement shall have the same meanings as defined in the 2019 Annual Report and the 2020 Annual Report.

This announcement is made to provide supplemental information to the 2019 Annual Report and the 2020 Annual Report, regarding the use of the 2019 Subscription Net Proceeds and the 2020 Rights Issue Net Proceed.

USE OF THE 2019 SUBSCRIPTION NET PROCEEDS

Original intention on the use of proceeds

The 2019 Subscription Net Proceeds were originally intended to be utilized as to: (a) approximately HK\$31 million to repay, by way of offsetting, the principal and interest of the loan owed by the Company to Hong Kong Sheen Smile International Investment Limited (the “**HK Yinger Loan Facility**”); (b) approximately HK\$15 million being set aside for the cash redemption of the convertible bonds (the “**Qianhai 2016 CB**”) issued by the Company to Hong Kong Qian Hai Financial Group Limited (“**HK Qianhai Financial**”) in April 2016 which matured in April 2019; (c) approximately HK\$64 million being set aside for meeting repayment obligations of debts and liabilities of the Group; (d) approximately HK\$8 million for replenishing the capital requirements of the financial services companies of the Group; and (e) approximately HK\$38 million the Group’s general corporate expenses (such as salaries, rental expenses and professional fees) for the twelve months following completion of the 2019 Subscription.

Update on the actual use of proceeds in the 2019 Annual Report

As disclosed in the 2019 Annual Report, the 2019 Subscription Net Proceeds were actually utilized as to: (a) approximately HK\$31 million for the repayment, by way of offsetting, the principal and interest of the HK Yinger Loan Facility; (b) approximately HK\$15 million continuing to be set aside for the cash redemption of the Qianhai 2016 CB; (c) approximately HK\$67 million being utilized for cash redemption of the convertible bonds (the “**Zheyin Tianqin 2018 CB**”) issued by the Company to Zheyin Tianqin (Shenzhen) Investment Limited (“**Zheyin Tianqin**”) in April 2018 which matured in April 2020; (d) approximately HK\$5 million already utilized for capital injection into, with HK\$3 million continuing to be set aside for replenishing the capital requirements of, the financial services companies of the Group; and (e) approximately HK\$35 million continuing to be set aside for the Group’s general corporate expenses (such as salaries, rental expenses and professional fees).

The Company would like to provide the following supplemental information to the 2019 Annual Report. Regarding item (b) of the use of proceeds, the Company did not have a specific timetable regarding its full utilization, due to the development of events as set out in paragraph (i) of the section headed “LITIGATIONS” on page 14 of the 2019 Annual Report. As conflicting instructions were received from different parties on the recipient of the cash redemption amount for the Qianhai 2016 CB, it is prudent for the Company to wait for the Court’s direction upon the final judgment of the litigation between the various parties.

Regarding item (c) of the use of proceeds, the Company is of the view that the actual utilization of HK\$67 million for the cash redemption of Zheyin Tianqin 2018 CB was largely in line with the original intended use of HK\$64 million for meeting repayment obligations of debts and liabilities of the Group. Approximately HK\$3 million was re-allocated from the Group's general corporate expenses under item (e) to the cash redemption of Zheyin Tianqin 2018 CB. The Company is of the view that this is a fine-tuning modification of the use of proceeds, which was determined by the Board as being fair and reasonable and in the interest of the Company and its Shareholders.

Regarding item (d) of the use of proceeds, the capital injection into the financial services companies have slowed down as compared with original contemplation, due to the implementation of cost-control measures by the Group at the relevant time. At that time, it was contemplated that this unutilized HK\$3 million should be required to be injected into the financial services companies by the end of 2020 due to the continuing loss-making position of this business segment. It later transpired that this HK\$3 million was eventually fully utilized for the capital injection into the financial services companies by the end of 2020.

Apart from HK\$3 million which was re-allocated to item (c), the vast majority of the sum under item (e) of the use of proceeds continued to be set aside for the Group's general corporate expenses at the relevant time. The utilization for this intended use has slowed down, due to the implementation of cost-control measures by the Group, the slowing down of business expansion to cope with weakening consumer sentiment, and the cash inflow from operations of the Group's health, medical and related business, and beauty and wellness business. At that time, it was contemplated that this unutilized HK\$35 million should be required for the Group's general corporate expenses by the end of 2020. It later transpired that this HK\$35 million was eventually fully utilized for the Group's general corporate expenses by the end of 2020.

Update on the actual use of proceeds in the 2020 Annual Report

The Company would like to provide the following supplemental information regarding the use of the 2019 Subscription Net Proceeds, by adding the following paragraph to the section headed “EQUITY FUND RAISING ACTIVITIES DURING THE YEAR” on page 7 of the 2020 Annual Report.

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds
3 April 2019	Issue of 754,716,981 shares (before share consolidation) to Jumbo Faith at the subscription price of HK\$0.212 (before adjustment due to share consolidation) per share under specific mandate, which was completed on 3 April 2019	HK\$156 million	The 2019 Subscription Net Proceeds were originally intended to be utilized as to: (a) approximately HK\$31 million to repay, by way of offsetting, the principal and interest of the HK Yinger Loan Facility; (b) approximately HK\$15 million being set aside for the cash redemption of the Qianhai 2016 CB which matured in April 2019; (c) approximately HK\$64 million being set aside for meeting repayment obligations of debts and liabilities of the Group; (d) approximately HK\$8 million for replenishing the capital requirements of the financial services companies of the Group; and (e) approximately HK\$38 million the Group’s general corporate expenses (such as salaries, rental expenses and professional fees) for the next twelve months.	The 2019 Subscription Net Proceeds were actually utilized as to: (a) approximately HK\$31 million for the repayment, by way of offsetting, the principal and interest of the HK Yinger Loan Facility; (b) approximately HK\$15 million continuing to be set aside for the cash redemption of the Qianhai 2016 CB, pending the final judgment of the litigation as disclosed on page 10 of the 2020 Annual Report; (c) approximately HK\$67 million being utilized for cash redemption of the Zheyin Tianqin 2018 CB which matured in April 2020; (d) approximately HK\$8 million fully utilized for capital injection into the financial services companies of the Group; and (e) approximately HK\$35 million fully utilized for the Group’s general corporate expenses (such as salaries, rental expenses and professional fees).

The amount of unutilized proceeds of the 2019 Subscription brought forward from prior year, i.e., as at 1 January 2020, was approximately HK\$53 million, comprising approximately HK\$15 million, HK\$3 million and HK\$35 million continuing to be set aside for intended uses under items (b), (d) and (e), respectively. During the year ended 31 December 2020, save for the HK\$15 million continuing to be set aside for cash redemption of the Qianhai 2016 CB, all other proceeds of the 2019 Subscription have been fully utilized as intended.

Regarding item (b) of the use of proceeds, the Company did not have a specific timetable regarding its full utilization, due to the development of events as set out in the section headed “LITIGATIONS” on page 10 of the 2020 Annual Report. As conflicting instructions were received from different parties on the recipient of the cash redemption amount for the Qianhai 2016 CB, it is prudent for the Company to wait for the Court’s direction upon the final judgment of the litigation between the various parties. Based on the Company’s understanding, legal action was commenced by certain parties alleging to be interested in the Qianhai 2016 CB in 廣東省深圳前海合作區人民法院 in August 2019, and the ruling of first instance was rendered by the Court in October 2020. Thereafter, the Company was given to understand that an appeal against the said first instance ruling was made by certain litigation party in November 2020, and based on the timetable currently known to us, the appeal is not scheduled by the Court.

USE OF THE 2020 RIGHTS ISSUE NET PROCEEDS

As disclosed in the section headed “EQUITY FUND RAISING ACTIVITIES DURING THE YEAR” on page 7 of the 2020 Annual Report, the 2020 Rights Issue Net Proceeds in the total amount of approximately HK\$95.9 million were intended to be utilized in the following order of priority: (i) as to the first HK\$15.0 million for the Group’s corporate expenses and overheads (including salaries, rental payments, professional fees and capital injection for the Group’s licensed corporations); and (ii) as to the remaining net proceeds for the potential acquisitions, expansion and equipment purchase of the Group’s hospital business. Up to the end of year 2020, none of the 2020 Rights Issue Net Proceeds have been utilized by the Group, since the 2020 Rights Issue was completed only by late December 2020.

The Company would like to provide the following supplemental information to the 2020 Annual Report. The entire amount of the 2020 Rights Issue Net Proceeds of approximately HK\$95.9 million was brought forward from prior year. Regarding the intended use under item (i), the Company currently expects that the entire HK\$15.0 million should be utilized as intended for Group’s corporate expenses and overheads by the end of 2021.

Regarding the intended use under item (ii), the acquisition and expansion plans of the Group's hospital business have slowed down, due to the deepening of reform of medicine and healthcare systems in 2021, calling for the need of high quality services under a sound pricing system to guarantee deserved prices for medical services at local hospitals in China. The Company will reassess the prospects and rates of return of its investment plans in the medical industry to align with the latest development of national policy and the global trend of social responsibilities. In the meantime, the Company will continue to evaluate potential acquisition and expansion opportunities but does not intend to commit to any acquisition or expansion plans under any specified timeline prematurely, pending the clarification of market reactions under the new policies. Further announcement(s) will be made if any disclosure obligations are triggered by the materialization of acquisition or expansion plans of the Company, or if there is any change on the intended use of the 2020 Rights Issue Net Proceeds.

Save as disclosed in this announcement, there are no other changes in the use of the 2019 Subscription Net Proceeds and the 2020 Rights Issue Net Proceeds, and the supplemental information provided in this announcement does not affect other information contained in the 2019 Annual Report and the 2020 Annual Report.

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

Hong Kong, 15 October 2021

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