GREEN INTERNATIONAL
Holdings Limited
格林國際控股有限公司

GREEN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2700)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

The board (the "Board") of directors (the "Directors") of Green International Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013, which have been prepared in accordance with the generally accepted accounting principles in Hong Kong, together with comparative figures for the year 2012 as follows.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Revenue	*3 & 4*	**583,057**	441,551
Cost of sales	*6*	**(572,393)**	(363,017)
Gross profit		**10,664**	78,534
Other income and gains	*5*	**531**	994
Selling expenses	*6*	**(1,215)**	(1,385)
Administrative expenses	*6*	**(22,778)**	(31,935)
Provision for impairment of property, plant and equipment		**(1,128)**	–
Provision for impairment of goodwill		**(1,744)**	–
Discount on past due balances of trade receivables		**(28,846)**	(4,369)
Operating (loss)/profit		**(44,516)**	41,839
Finance income/(costs), net	*7*	**225**	(7,790)
(Loss)/Profit before income tax		**(44,291)**	34,049
Income tax expense	*8*	**(1,444)**	(12,145)
(Loss)/Profit for the year		**(45,735)**	21,904

	Notes	2013 HK$'000	2012 HK$'000
(Loss)/Profit for the year attributable to:			
– Equity holders of the Company		**(48,947)**	18,769
– Non-controlling interests		**3,212**	3,135
		(45,735)	21,904
(Loss)/Earnings per share for (loss)/profit for the year attributable to the equity holders of the Company			
– Basic *(HK cents)*	*9*	**(5.02)**	2.29
– Diluted *(HK cents)*	*9*	**(5.02)**	2.29

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
(Loss)/Profit for the year	**(45,735)**	21,904
Other comprehensive income/(expenses), net of tax		
Items that may be reclassified subsequently to profit or loss		
Translation of foreign currency financial statements	**158**	(358)
Total comprehensive (expenses)/income for the year	**(45,577)**	21,546
Total comprehensive (expenses)/income for the year attributable to:		
– Equity holders of the Company	**(48,941)**	18,527
– Non-controlling interests	**3,364**	3,019
	(45,577)	21,546

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**19,574**	3,577
Goodwill		**29,759**	31,446
Deposit paid for acquisition of a subsidiary	*11*	**88,692**	–
		138,025	35,023
Current assets			
Inventories		**1,271**	3,904
Trade receivables	*12*	**282,610**	301,403
Prepayments, deposits and other receivables		**8,965**	16,624
Amount due from a non-controlling shareholder of a subsidiary		**3,764**	–
Tax recoverable		**1,271**	–
Cash and cash equivalents		**80,486**	37,475
		378,367	359,406
Total assets		**516,392**	394,429
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	*13*	**12,190**	9,040
Share premium		**208,389**	143,588
Other reserves		**22,629**	35,343
(Accumulated losses)/Retained earnings		**(32,453)**	9,190
		210,755	197,161
Non-controlling interests		**6,580**	3,216
Total equity		**217,335**	200,377

	Notes	**2013** *HK$'000*	2012 *HK$'000*
LIABILITIES			
Non-current liabilities			
Convertible bonds	*14*	**4,169**	–
Contingent consideration payable	*17*	**6,099**	14,761
		10,268	14,761
Current liabilities			
Trade payables	*15*	**144,956**	75,979
Other payables, accruals and deposits received	*16*	**18,332**	31,390
Convertible bonds	*14*	**–**	22,143
Amount due to controlling shareholder		**122,591**	22,475
Amount due to a non-controlling shareholder of a subsidiary		**–**	215
Tax payable		**2,910**	27,089
		288,789	179,291
Total liabilities		**299,057**	194,052
Total equity and liabilities		**516,392**	394,429
Net current assets		**89,578**	180,115
Total assets less current liabilities		**227,603**	215,138

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8 March 2006 as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2006.

The Group's principal activities have not been changed during the year and the Group was engaged in manufacturing and trading of recreational and educational toys and equipment.

The Directors consider Gold Bless International Invest Limited ("Gold Bless"), a company incorporated in the British Virgin Islands, to be the immediate and ultimate holding company of the Company.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), and all values are rounded to the nearest thousand unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of the Company on 28 March 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance and Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of contingent consideration payable, which is carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the 2013 annual report.

2.2 Application of new standards, amendments and interpretations

(a) Effect of adopting new standards, amendments and interpretations to existing standards

The following new standards, amendments and interpretations to existing standards have been adopted by the Group in the current year.

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle
Amendments to HKFRS 1	Amendments to HKFRS 1 first-time adoption of HKFRSs – Government loans
Amendments to HKFRS 7	Amendments to HKFRS 7 financial instruments: Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
Amendments to HKAS 1	Amendments to HKAS 1 presentation of financial statements: Presentation of items of other comprehensive income
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine

The adoption of these new standards, amendments and interpretations has no material effect on the amounts reported and disclosures set out in the consolidated financial statements of the Group for the current or prior accounting periods. Nevertheless, certain changes in disclosures have been adopted by the Group in compliance with the following new and revised HKFRSs:

(i) Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

The Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that may be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendments to HKAS 1 has no impact on the recognised assets, liabilities and comprehensive income and expenses of the Group.

(ii) HKFRS 13 "Fair Value Measurement"

HKFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other HKFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other HKFRSs, including HKFRS 7 "Financial instruments: Disclosures". Accordingly, the Group has included additional disclosures in this regard. Please refer to the 2013 annual report for details.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

(b) ***New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group***

The following published new standards, amendments and interpretations to existing standards are mandatory for the Group's financial periods beginning on or after 1 January 2014 or later periods and have not been early adopted by the Group.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
HKFRS 9	Financial instruments[4]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[4]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[3]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures[1]
Amendments to HKAS 39	Novation of derivatives[1]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
3 Effective for annual periods beginning on or after 1 July 2014
4 The effective date will be determined once the classification and measurement and impairment phases of HKFRS 9 are finalised

The Directors anticipate that the adoption of the above new standards, amendments and interpretations to existing standards will not result in a significant impact on the results and financial position of the Group.

3 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board is identified as the Group's chief operating decision-maker. As the Group is principally engaged in the manufacturing and trading of recreational and educational toys and equipment which are subject to similar business risk, and resources are allocated based on what is beneficial to the Group in enhancing the value as a whole rather than any specific unit, the Group's chief operating decision-maker considers the performance assessment of the Group should be based on the results of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of HKFRS 8.

The Group primarily operates in Hong Kong and the People's Republic of China (the "PRC").

The Group's sales are delivered to customers located in the following regions:

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**10,408**	336,558
The PRC	**7,844**	2,929
Europe	**127,170**	67,871
Japan	**409,033**	26,980
South America	**–**	4,439
North America	**21,189**	2,774
Others	**7,413**	–
	583,057	441,551

Sales are allocated based on the places/countries in which customers are located. During the year ended 31 December 2013, sales of approximately HK$508,815,000 (2012: HK$365,131,000) were derived from 2 major customers (2012: 3 customers) who individually account for more than 10% of the total sales.

The Group's total assets are located in the following regions:

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**373,695**	375,161
The PRC	**142,697**	19,268
	516,392	394,429

Total assets are allocated based on where the assets are located.

The Group's non-current assets are located in the following regions:

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**29,910**	31,789
The PRC	**108,115**	3,234
	138,025	35,023

Non-current assets are allocated based on where the assets are located.

The Group's capital expenditures are located in the following regions:

	2013	2012
	HK$'000	HK$'000
Hong Kong	**3**	71
The PRC	**18,387**	829
	18,390	900

Capital expenditures are allocated based on where the assets are located.

4 REVENUE

The Group is principally engaged in the manufacturing and trading of recreational and educational toys and equipment. Revenue recognised during the year is as follows:

	2013	2012
	HK$'000	*HK$'000*
Sales of goods	**583,057**	441,551

5 OTHER INCOME AND GAINS

	2013	2012
	HK$'000	*HK$'000*
Exchange gain	**415**	–
Sundry income	**116**	994
	531	994

6 EXPENSES BY NATURE

	2013	2012
	HK$'000	*HK$'000*
Auditor's remuneration		
– audit services		
– current year	**660**	600
– under-provision in respect of prior years	**–**	235
– non-audit services		
– current year	**8**	–
Depreciation of property, plant and equipment	**1,346**	1,257
Merchandise purchased and raw materials used	**566,247**	301,804
Change in inventories of work-in-progress	**203**	384
Change in inventories of finished goods	**2,411**	(1,085)
Subcontracting charges	**1,005**	55,854
Employee benefit expenses	**12,148**	24,381
Operating lease rental expenses	**5,130**	4,575
Others	**7,228**	8,332
Total cost of sales, selling expenses and administrative expenses	**596,386**	396,337

7 FINANCE INCOME/COSTS, NET

	2013	2012
	HK$'000	*HK$'000*
Interest income on bank deposits	**14**	4
Fair value change of contingent consideration payable *(Note 17)*	**4,587**	(1,494)
Interest expense:		
– Amount due to controlling shareholder	**(655)**	–
– Other borrowings due within 1 year	**(129)**	–
– Convertible bonds *(Note 14)*	**(3,592)**	(6,300)
Finance income/(costs), net	**225**	(7,790)

8 INCOME TAX EXPENSE

Hong Kong profits tax and PRC Enterprise Income Tax have been provided at the rate of 16.5% (2012: 16.5%) and 25% (2012: 25%), respectively, on the estimated assessable profits during the year, based on existing legislation, interpretations and practices in respect thereof.

The amounts of income tax expense charged to the consolidated income statement represent:

	2013	2012
	HK$'000	*HK$'000*
Current taxation		
– Hong Kong profits tax	**1,444**	10,677
– PRC Enterprise Income Tax	**10**	9
	1,454	10,686
(Write back of over-provision)/Under-provision in respect of prior years		
– Hong Kong profits tax	**(10)**	1,459
	1,444	12,145

The taxation on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the profits tax rate in Hong Kong as follows:

	2013	2012
	HK$'000	*HK$'000*
(Loss)/Profit before income tax	**(44,291)**	34,049
Calculated at Hong Kong profits tax rate of 16.5% (2012: 16.5%)	**(7,308)**	5,620
Effect of different tax rates in other countries	**(328)**	(207)
Income not subject to tax	**(757)**	–
Expenses not deductible	**8,229**	749
Tax losses for which no deferred income tax asset was recognized	**1,587**	4,452
(Write back of over-provision)/Under-provision in respect of prior years	**(10)**	1,459
Others	**31**	72
Income tax expense	**1,444**	12,145

9 LOSS/EARNINGS PER SHARE

Basic

The calculation of basic loss/earnings per share is based on the consolidated loss attributable to the equity holders of the Company of approximately HK$48,947,000 (2012: profit of HK$18,769,000) divided by the weighted average number of approximately 975,560,000 (2012: 818,205,000) ordinary shares in issue.

	2013	2012
(Loss)/Profit attributable to the equity holders of the Company *(HK$'000)*	**48,947**	18,769
Weighted average number of ordinary shares in issue *(thousands)*	**975,560**	818,205
Basic (loss)/earnings per share *(HK cents)*	**(5.02)**	2.29

Diluted

Diluted loss/earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: share options (Note 13(b)), convertible bonds (Note 14) and convertible bonds issuable for the acquisition of Tai Cheng International Limited in 2012 (the "Tai Cheng CB") (Note 17).

The computation of diluted loss/earnings per share for the years ended 31 December 2013 and 2012 did not assume the exercise of the Company's outstanding share options (Note 13(b)) because the exercise price of the Company's share options was higher than the average market prices per share.

The computation of diluted loss/earnings per share for the years ended 31 December 2013 and 2012 did not assume the conversion of the Company's outstanding convertible bonds (Note 14) and Tai Cheng CB (Note 17) since their assumed conversion would result in a decrease in loss per share (2012: an increase in earnings per share).

10 DIVIDENDS

No dividend in respect of the year ended 31 December 2013 (2012: Nil) is to be proposed at the forthcoming annual general meeting.

11 DEPOSIT PAID FOR ACQUISITION OF A SUBSIDIARY

On 16 December 2013, the Company, Green Capital (Hong Kong) Limited (a wholly-owned subsidiary of the Company, "Green Capital"), China Real Estates Investment Holdings Limited ("China Real Estates") and Mr. Tang Ho Ka ("Mr. Tang") entered into a sale and purchase agreement pursuant to which Green Capital has conditionally agreed to purchase the 100% equity interests of Big Point Investment Limited ("Big Point"), a company incorporated in Hong Kong, from China Real Estates at a total consideration of RMB130,000,000, out of which RMB70,000,000 will be settled in cash and the remaining consideration of RMB60,000,000 (equivalent to approximately HK$76,620,000) will be settled by the issue of convertible bonds by the Company.

The convertible bonds will be denominated in Hong Kong dollars, unsecured, interest-free and will be matured on the date falling on the third anniversary of the issue of the convertible bonds. In respect of the conversion by the holder, (a) for the principal amount of HK$25,540,000, the convertible bonds can be converted into shares before maturity, and (b) for the remaining principal amount of HK$51,080,000, the convertible bonds can be converted into shares from the period commencing from 12 months after the issue date to maturity, at an initial conversion price of HK$0.5 per share (subject to adjustments). In respect of the conversion by the Company, for the principal amount of HK$76,620,000, the convertible bonds can be converted into shares from the period commencing from 12 months after the issue date to maturity, at an initial conversion price of HK$0.5 per share (subject to adjustments). Unless previously redeemed, converted or purchased and cancelled, the Company shall redeem each convertible bond then outstanding at a value equal to the aggregate principal amount then outstanding on the maturity date by issuing shares to the bondholder at the conversion price of HK$0.50 per share (subject to adjustments).

Big Point is an investment holding company, which holds 100% direct equity interest in Dijia Restaurant Management (Shenzhen) Co., Ltd. (迪嘉餐飲管理(深圳)有限公司) and 95% equity interest in 深圳市迪嘉銀湖汽車服務有限公司(Shenzhen Dijiayinhu Motor Services Co., Ltd.*) through its interest in Dijia Restaurant Management (Shenzhen) Co., Ltd. Big Point and its subsidiaries are principally engaged in clubhouse business.

Pursuant to the terms of the sale and purchase agreement, on 26 December 2013, a deposit of RMB70,000,000 (equivalent to approximately HK$88,692,000) was paid to a designated nominee of China Real Estates. The acquisition was subsequently completed on 30 January 2014, and the convertible bonds have been issued to China Real Estates on 30 January 2014 as final payment of the consideration of the acquisition. In February 2014, certain of the above mentioned convertible bonds with a total principal amount of HK$25,540,000 were converted into the shares of the Company at a conversion price of HK$0.5 per share and, accordingly, the Company issued and allotted a total of 51,080,000 shares to the convertible bond holders

Also, on completion of the acquisition, Mr. Tang and 深圳市寶渝貿易有限公司(Shenzhen Baoyu Trading Co., Ltd.*, a company controlled by Mr. Tang's spouse) assigned the indebtedness owed by Dijia Restaurant Management (Shenzhen) Co., Ltd. to them in the respective amounts of approximately RMB19,234,000 and RMB12,582,000 to a subsidiary of the Company at a nominal consideration of RMB1 each.

12 TRADE RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**323,988**	313,935
Less: Provision for discount on past due balances	**(41,378)**	(12,532)
	282,610	301,403

The Group's trade receivables from its customers are generally with credit periods of 90 days (2012: 90 days). The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history to minimise the credit risk.

The maximum exposure to credit risk at the end of the reporting period is the fair value of the trade receivables. The Group does not hold any collateral as security.

The carrying amounts of trade receivables approximate their fair values.

The ageing analysis of trade receivables as at 31 December 2013 and 2012 are as follows:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**39,806**	18,008
31 – 60 days	**38,278**	12,547
61 – 90 days	**7,929**	32,037
91 – 180 days	**3,088**	100,465
Over 180 days	**234,887**	150,878
	323,988	313,935

As at 31 December 2013, trade receivables of approximately HK$237,975,000 (2012: HK$251,234,000) were past due but not impaired. These relate to several customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2013	2012
	HK$'000	*HK$'000*
91 – 180 days	**3,088**	100,363
Over 180 days	**234,887**	150,871
	237,975	251,234

13 SHARE CAPITAL

Authorised capital

	Number of shares	Nominal value HK$'000
At 1 January 2012, 31 December 2012 and 31 December 2013, ordinary shares of HK$0.01 each	4,000,000,000	40,000

Issued and fully paid capital

	Number of shares	Nominal value HK$'000
At 1 January 2012	603,007,900	6,030
Issue of shares upon conversion of convertible bonds *(Note (a)(i))*	301,000,000	3,010
At 31 December 2012	**904,007,900**	**9,040**
Issue of shares upon completion of a top-up placing and top-up subscription *(Note (a)(ii))*	**126,800,000**	**1,268**
Issue of shares upon completion of a top-up placing and top-up subscription *(Note (a)(iii))*	**54,000,000**	**540**
Issue of shares upon conversion of convertible bonds *(Note (a)(iv))*	**134,175,824**	**1,342**
At 31 December 2013	**1,218,983,724**	**12,190**

Notes:

(a) Issue of new shares

(i) On 15 February, 21 February and 27 April 2012, certain of the convertible bonds with an aggregate principal amount of HK$55,685,000 were converted into the shares of the Company at a conversion price of HK$0.185 per share and, accordingly, the Company allotted and issued a total of 301,000,000 shares to the convertible bond holders.

(ii) Pursuant to a top-up placing and top-up subscription agreement entered into between the Company, Gold Bless and a placing agent dated 9 August 2013, Gold Bless placed 126,800,000 shares of the Company to 6 independent placees at a placing price of HK$0.205 per share on 19 August 2013, and the Company allotted and issued 126,800,000 new shares of the Company at HK$0.205 per share to Gold Bless on 21 August 2013.

(iii) Pursuant to a top-up placing and top-up subscription agreement entered into between the Company, Gold Bless and a placing agent dated 20 November 2013, Gold Bless placed 54,000,000 shares of the Company to 6 independent placees at a placing price of HK$0.24 per share on 22 November 2013, and the Company allotted and issued 54,000,000 new shares of the Company at HK$0.24 per share to Gold Bless on 26 November 2013.

(iv) On 7 November 2013, the outstanding convertible bonds with an aggregate principal amount of HK$24,420,000 were converted into the shares of the Company at a conversion price of HK$0.182 per share (as adjusted to reflect the top-up placing and top-up subscription as detailed in (ii) above) and, accordingly, the Company allotted and issued a total of 134,175,824 shares to the convertible bond holders.

(b) Share option scheme

On 2 September 2006, a share option scheme (the "Share Option Scheme") was approved by the shareholders of the Company, under which the Company may grant the options to any eligible participants to subscribe for shares in the Company subject to the terms and conditions stipulated in the Share Option Scheme.

(i) On 11 May 2012, share options with rights to subscribe for a total of 65,800,000 shares of the Company at an exercise price of HK$0.37 per share were granted to certain substantial shareholders, Directors and employees of the Group which were vested immediately on the date of grant and expire on 10 May 2022.

(ii) Pursuant the terms and conditions as stipulated in the Share Option Scheme, any unexercised options will lapse 6 months after the grantee leaves the services of the Group by retirement. As a grantee (who was an employee of the Group) retired during the year 2013, all of his unexercised share options of 2,000,000 shares were lapsed in August 2013.

(iii) Movements in the share options are as follows:

	2013		2012	
	Average Exercise price in HK$ per share	**Number of Share options**	Average exercise price in HK$ per share	Number of s hare options
At 1 January	**0.37**	**65,800,000**	–	–
Granted	**–**	**–**	0.37	65,800,000
Lapsed	**0.37**	**(2,000,000)**	–	–
At 31 December	**0.37**	**63,800,000**	0.37	65,800,000

	2013	2012
– Range of exercise prices	**HK$0.37**	HK$0.37
– Weighted average remaining contractual life	**8.35 years**	9.35 years

The weighted average fair value of options granted in 2012 determined using the Trinomial Option Pricing Model was HK$0.21 per option. The significant inputs into the model were weighted average share price of HK$0.37 at the grant date, exercise price shown above, volatility of 45%, dividend yield of 0%, an expected option life of 10 years, and annual risk-free interest rate of 1.14%.

14 CONVERTIBLE BONDS

On 7 November 2011, the Company placed, through a placing agent, convertible bonds in the aggregate principal amount of HK$85,100,000 (the "2011 CB") of which HK$63,825,000 in aggregate principal amount were placed to Gold Bless and the remaining balance of HK$21,275,000 were subscribed by independent holders. The 2011 CB were denominated in Hong Kong dollars, unsecured, borne interest at 5% per annum which was payable on a quarterly basis and was matured on 7 November 2013. The 2011 CB can be converted into the shares of the Company at the holder's option before maturity at an initial conversion price of HK$0.185 per share which was subsequently adjusted to HK$0.182 per share with effect from 21 August 2013 as a result of the completion of the top-up placing and top-up subscription on 21 August 2013. The effective interest rate of the 2011 CB was 23.24% per annum. The 2011 CB with an aggregate principal amount of HK$55,685,000 (2011: HK$4,995,000) were converted into 301,000,000 shares (2011: 27,000,000 shares) of the Company during 2012. The remaining 2011 CB in the principal amount of HK$24,420,000 were converted into 134,175,824 shares of the Company on the maturity date.

Pursuant to the sale and purchase agreement to the acquisition of Tai Cheng International Limited in 2012 (Note 17), the Company issued the first tranche of the Tai Cheng CB on 29 October 2013 in an aggregate principal amount of HK$6,163,639 ("1st Tai Cheng CB") to Hong Kong Tai Shing Toys Trading Limited. The 1st Tai Cheng CB was denominated in Hong Kong dollars, unsecured, interest-free and will be matured on 29 October 2016. The 1st Tai Cheng CB can be converted into the shares of the Company at the holder's option before maturity at an initial conversion price of HK$0.5 per share (subject to adjustments). The effective interest rate of the 1st Tai Cheng CB was 17.90% per annum.

The values of the liability component and the equity component were determined at issuance of the convertible bonds. The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion option, is included in equity within other reserves.

The liability component of convertible bonds recognised in the statement of financial position is calculated as follows:

	2011 CB	1st Tai Cheng CB	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2012	61,837	–	61,837
Right of conversion exercised by bond holders *(Note 13 (a)(i))*	(43,528)	–	(43,528)
Interest expenses *(Note 7)*	6,300	–	6,300
Interest paid	(2,466)	–	(2,466)
At 31 December 2012	**22,143**	**–**	**22,143**
Right of conversion exercised by bond holders *(Note 13(a) (iv))*	**(24,420)**	**–**	**(24,420)**
Issue of 1st Tai Cheng CB	**–**	**4,075**	**4,075**
Interest expenses *(Note 7)*	**3,498**	**94**	**3,592**
Interest paid	**(1,221)**	**–**	**(1,221)**
At 31 December 2013	**–**	**4,169**	**4,169**

15 TRADE PAYABLES

The ageing analysis of trade payables as at 31 December 2013 and 2012 are as follows:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**49,443**	17,436
31 – 60 days	**72,692**	12,115
61 – 90 days	**7,120**	9,924
91 days – 1 year	**1,372**	30,991
Over 1 year	**14,329**	5,513
	144,956	75,979

The carrying amounts of trade payables approximate their fair values.

16 OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	2013 *HK$'000*	2012 *HK$'000*
Accruals	**9,080**	14,111
Trade deposits received	**6,848**	15,763
Other payables	**2,404**	1,516
	18,332	31,390

The carrying amounts of other payables, accruals and deposits received approximate their fair values.

17 ACQUISITION OF A SUBSIDIARY IN PRIOR YEAR

On 8 May 2012, the Group acquired 55% equity interest in Tai Cheng International Limited ("Tai Cheng"), a company incorporated in Hong Kong, at a total consideration of not exceeding HK$30,000,100. Tai Cheng is principally engaged in trading of toys in Hong Kong.

Tai Cheng contributed revenue and net profit of approximately HK$105,143,000 and HK$6,968,000 respectively to the Group for the period from 8 May 2012 to 31 December 2012.

The following table summarises the consideration for the acquisition of Tai Cheng, and the fair values of the assets acquired and liabilities assumed recognised on the acquisition date.

The fair values of the identifiable assets acquired and liabilities assumed of Tai Cheng at the acquisition date were as follows:

	Fair values recognised on acquisition *HK$'000*
Purchase consideration	
– Cash paid *(Note (i))*	–
– Contingent consideration *(Note (ii))*	30,000
Total purchase consideration	30,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	9
Trade receivables	897
Prepayment, deposits and other receivables	23
Cash and cash equivalents	210
Trade payables	(547)
Amount due to a non-controlling shareholder of a subsidiary	(154)
Total identifiable net assets	438
Non-controlling interests	(197)
Goodwill	29,759
	30,000

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition is as follows:

Cash and cash equivalents acquired	210
Less: Consideration satisfied by cash *(Note (i))*	–
Net cash inflow on acquisition of a subsidiary	210

Notes:

(i) The cash consideration paid was HK$100. The amount shown above was a result of rounding.

(ii) Contingent consideration in aggregate not exceeding HK$30,000,000 shall be settled by the issue of the Tai Cheng CB in 3 tranches of not exceeding HK$10,000,000 each for each financial year ended 31 December 2012, 2013 and 2014 respectively.

The principal amount of the Tai Cheng CB to be issued in each tranche shall be determined by the proportion of the audited profit after taxation of Tai Cheng to the benchmark profit, as multiplied by HK$10,000,000. The benchmark profit is HK$12,000,000, HK$13,000,000 and HK$14,000,000 for the financial years ended 31 December 2012, 2013 and 2014 respectively.

The Tai Cheng CB, if issued, will be non-interest bearing, mature 3 years from the date of issue and is convertible into the shares of the Company at a conversion price of HK$0.50 per share (subject to adjustments). The Company issued the first tranche of the Tai Cheng CB on 29 October 2013 in the aggregate principal amount of HK$6,163,639 (Note 14).

A liability component and an equity component were classified at initial recognition of the Tai Cheng CB.

The fair value of the liability component of the Tai Cheng CB was initially recognised at the date of acquisition at approximately HK$13,267,000 by using the discounted cash flow model. The fair value estimates were based on assumed discount rates ranging from 17.90% to 18.15% and the Directors' expectation on the amount of the Tai Cheng CB to be issued. This liability component was subsequently measured as at 31 December 2013 at fair value of approximately HK$6,099,000 (2012: HK$14,761,000) as a contingent consideration payable, with decrease in fair value of approximately HK$4,587,000 (2012: increase of HK$1,494,000) recognised within finance income/costs, net (Note 7) in the consolidated income statement.

The initially recognised equity component of the Tai Cheng CB of approximately HK$16,733,000, which represents the value of the equity conversion option, was included in shareholders' equity within other reserves. At the end of the reporting period, as the Directors expected that an aggregate principal amount of less than HK$30,000,000 of the Tai Cheng CB will be issued, the related adjustment to the equity component of approximately HK$6,896,000 has been transferred from other reserves to accumulated losses.

18 COMMITMENTS

(a) Capital commitments

The Group had the following capital commitments as at the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
Contracted but not provided for:		
– Acquisition of land	**–**	4,786
– Construction of plant	**1,053**	10,000
– Purchase of machinery	**–**	6,136
	1,053	20,922

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2013	2012
	HK$'000	*HK$'000*
Not later than 1 year	**4,600**	3,299
Later than 1 year but not later than 5 years	**2,018**	2,119
	6,618	5,418

None of the leases include contingent rentals.

19 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2013 and 2012.

20 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE FOR THE YEAR

Total revenue of approximately HK$583,057,000 was recorded by the Group during the year ended 31 December 2013, as compared to approximately HK$441,551,000 for the year 2012. The rise in total revenue was due to the security of several orders from certain famous international brands. The Group's gross profit was approximately HK$10,664,000 in 2013, as compared to approximately HK$78,534,000 in 2012, representing a decrease of approximately HK$67,870,000; the gross profit margin has decreased from 17.8% in 2012 to 1.8% in 2013.

During 2013, the macro-economic and operating environment continued to be plagued by the increase in the cost of raw materials and labour in the PRC. Besides, the performance of the Group's business in toys of popular animations and online-games, which accounted for most of the Group's profit margin, was far from satisfactory due to the delay in the launching of certain animations and online-games. The Group expects uncertainties to persist in 2014. In light of this, management has taken a close look at the developments of the toys industry, and will take appropriate strategic measures to reshape the Group's business segments when necessary.

The loss for the year attributable to equity holders of the Company amounted to approximately HK$48,947,000 in 2013 whilst a profit of approximately HK$18,769,000 was recorded in 2012. This was mainly attributable to the decreasing gross profit and provision for discount on the Group's past due trade receivables.

The Group would also like to point out that the trade receivables ageing period might seem long. Management has noted this and is taking proactive actions, including negotiations with the trade debtors for realistic and achievable repayment schedules, to collect the outstanding receivables. The Directors are optimistic to have most of the outstanding balances be collected in the foreseeable future.

BUSINESS REVIEW

Management has focused on cost control in this difficult operating environment, in order to strive for a higher profit margin and return to the stakeholders. Developments on new products were slowed down as their initial research and development costs are high and the cost recovery period is long. Management is adopting a prudent and conservative approach in order to sustain the Group for the long term development.

The Group is also seeking cooperation and forming joint ventures with other prospective companies to expand its business.

On 16 December 2013, the Company, Green Capital (a wholly-owned subsidiary of the Company), China Real Estates and Mr. Tang entered into a sale and purchase agreement, pursuant to which Green Capital conditionally agreed to purchase 100% equity interest of Big Point from China Real Estates for a total consideration of RMB130 million (equivalent to approximately HK$166 million). Big Point is an investment holding company, which holds 100% direct equity interest in Dijia Restaurant Management (Shenzhen) Co., Ltd. (廸嘉餐飲管理(深圳)有限公司) and 95% equity interest in 深圳市廸嘉銀湖汽車服務有限公司(Shenzhen Dijiayinhu Motor Services Co., Ltd.*) through its interest in Dijia Restaurant Management (Shenzhen) Co., Ltd.. Big Point and its subsidiaries are principally engaged in clubhouse business. In order to seek more business opportunities and to maximise return to the Company and the shareholders in the long run, the Directors considered that this acquisition was in the interest of the Company and the shareholders to explore the possibility of diversification of the business of the Group. This acquisition was completed on 30 January 2014. For further details of the above acquisition, please refer to the announcements of the Company dated 16 December 2013, 30 January 2014 and the circular of the Company dated 14 January 2014.

THE MACRO-ECONOMIC ENVIRONMENT

Appreciation of Renminbi, increase in salaries, difficulties in labour recruitment and increase of production and material costs have put strain on the growth and profitability of the manufacturing industry. With the mounting pressure from Renminbi's appreciation, it has become increasingly difficult to derive profits from exports. Besides, the toy industry is becoming more competitive. The profit margin becomes lower and the new products have shorter life cycles. To stand out in this environment, the Group must focus on reshaping its business segments and looking for new directions for its development.

MANAGEMENT FORECAST AND PROSPECT

As a loss was recorded by the Group during the reporting period, management is prudent on the Group's business development. Management has taken proactive and initiative approach in observing and analyzing the prospects of the toys industry and will decide on whether exploring other potential business opportunities is in the better interest for the Company and its shareholders as a whole.

The Group is actively identifying and exploring other investment and business opportunities to broaden its assets and revenue base. Potential acquisitions or mergers will be assessed by management for expansion of the business segments of the Group. Management believes diversified investments could be beneficial to the interests of the Group and the shareholders as a whole. Management will cautiously search for investment opportunities so as to produce a steady growth in the Group's long term performance.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, the Group held cash and bank balances of approximately HK$80,486,000 (2012: HK$37,475,000). Net current assets amounted to approximately HK$89,578,000 (2012: HK$180,115,000). Current ratio (defined as total current assets divided by total current liabilities) was 1.31 times (2012: 2.00 times). The ratio of the Group's total liabilities to total assets was approximately 57.9% (2012: 49.2%). As at 31 December 2013, the gearing ratio of the Group was 17.6% (2012: 3.4%) when it was calculated as net debt divided by total capital. As at 31 December 2013, the carrying amounts and the principal amounts of the Group's outstanding borrowings amounted to approximately HK$126,760,000 (2012: HK$44,618,000) and approximately HK$128,755,000 (2012: HK$46,895,000), respectively.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to foreign exchange risk, as most of the Group's assets and liabilities, revenue and expenditure are denominated in Renminbi, U.S. Dollars and Hong Kong Dollars. As at 31 December 2013, the Group had insignificant exposure to foreign exchange risk as substantially all sales and purchases transactions, recognised assets and liabilities were primarily denominated in Renminbi, U.S. Dollars and Hong Kong Dollars which are currencies with a certain degree of stability.

CAPITAL STRUCTURE

During the year ended 31 December 2013, certain convertible bonds with an aggregate principal amount of HK$24,420,000 were converted into the shares of the Company at a conversion price of HK$0.182 per share and, accordingly, the Company issued and allotted a total of 134,175,824 shares to the convertible bond holders. As at 31 December 2013, there were outstanding convertible bonds in the principal amount of HK$6,163,639 which represented the first tranche of the convertible bonds issued for the acquisition of Tai Cheng, a subsidiary of the Company, in 2012 which could be convertible into, at HK$0.5 per share (subject to adjustments), 12,327,278 shares of the Company.

On 9 August 2013, the Company entered into a top-up placing and top-up subscription agreement with a placing agent and Gold Bless to place, through the placing agent, on a best effort basis, up to 180,800,000 shares of the Company held by Gold Bless to at least 6 independent placees at a price of HK$0.205 per share. Gold Bless conditionally agreed to subscribe for a number of new shares equivalent to the number of shares actually placed by the placing agent. The top-up placing was completed on 19 August 2013, in which an aggregate of 126,800,000 shares had been successfully placed to 6 independent placees. In accordance with the terms and conditions of the top-up placing and top-up subscription agreement, the Company allotted and issued 126,800,000 shares to Gold Bless on 21 August 2013. The net proceeds from the top-up subscription amounted to approximately HK$25,420,000. For further details of the above top-up placing and top-up subscription, please refer to the announcements of the Company dated 9 August and 21 August 2013.

On 20 November 2013, the Company entered into another top-up placing and top-up subscription agreement with a placing agent and Gold Bless to place, through the placing agent, on a best effort basis, up to 54,000,000 shares of the Company held by Gold Bless to at least 6 independent placees at a price of HK$0.24 per share. Gold Bless conditionally agreed to subscribe for a number of new shares equivalent to the number of shares actually placed by the placing agent. The top-up placing was completed on 22 November 2013, in which an aggregate of 54,000,000 shares had been successfully placed to 6 independent placees. In accordance with the terms and conditions of the top-up placing and top-up subscription agreement, the Company allotted and issued 54,000,000 shares to Gold Bless on 26 November 2013. The net proceeds from the top-up subscription amounted to approximately HK$12,700,000. For further details of the above top-up placing and top-up subscription, please refer to the announcements of the Company dated 20 November and 26 November 2013.

Save as the disclosure herein, there were no changes in the capital structure of the Company during the year ended 31 December 2013.

On 11 May 2012, the Company granted 65,800,000 share options to certain substantial shareholders, Directors and employees of the Group, of which 63,800,000 share options were still outstanding as at 31 December 2013 as 2,000,000 share options were lapsed during the year. Subsequent to the end of the reporting period, a grantee exercised 1,000,000 of his share options in January 2014.

Subsequent to the end of the reporting period, on 30 January 2014, upon completion of the acquisition of 100% equity interest of Big Point, the Company issued convertible bonds in an aggregate principal amount of HK$76,620,000 as partial and final satisfaction for the consideration of the acquisition which could be convertible into, at HK$0.50 per share (subject to adjustments), 153,240,000 shares of the Company. In February 2014, certain of the above mentioned convertible bonds with an aggregate principal amount of HK$25,540,000 were converted into the shares of the Company at a conversion price of HK$0.50 per share and, accordingly, the Company issued and allotted a total of 51,080,000 shares to the convertible bond holders.

Pursuant to the subscription agreements entered into between the Company and two subscribers (the "Subscribers") on 14 January 2014, the Subscribers agreed to subscribe for convertible bonds in an aggregate principal amount of HK$80,000,000, which could be convertible into, at HK$0.50 per share (subject to adjustments), an aggregate 160,000,000 shares of the Company. The subscriptions for convertible bonds in respective aggregate principal amounts of HK$50,000,000 and HK$30,000,000 were completed on 28 March 2014 and 18 March 2014 respectively. For further details of the above issue of convertible bonds, please refer to the announcements of the Company dated 14 January 2014, 17 February 2014, 20 February 2014, 18 March 2014 and 28 March 2014 and the circular of the Company dated 29 January 2014.

CHARGES ON GROUP ASSETS

As at 31 December 2013, none of the Group's assets was pledged to secure any facilities or borrowings granted to the Group.

SIGNIFICANT ACQUISITION AND DISPOSAL OF ASSETS

Save for the Group's acquisition of 100% equity interest of Big Point which was completed subsequent to the end of the reporting period on 30 January 2014, details of which are stated in the "Business Review" section above, there were no significant acquisition and disposal of assets during the year ended 31 December 2013.

The Group has also entered into the following memorandums of understanding during the year and up to the date of this announcement:

1. On 2 May 2013, the Company entered into a memorandum of understanding with 內蒙古宏基房地產開發有限公司(Neimenggu Hongji Property Development Limited*) ("Neimenggu Hongji"), pursuant to which, the Company proposed to acquire 60% equity interests in 內蒙古宏基路橋投資發展有限公司(Neimenggu Hongji Infrastructures Investment Development Limited*), which, according to the information of Neimenggu Hongji, owns the entire interest of an approximately 87 kilometers toll road project connecting Fengzhen and Xinghe, and passing through Longshengzhuang, at Wulanchabu City, Inner Mongolia, the PRC, from Neimenggu Hongji based on the terms and conditions to be agreed between the Company and Neimenggu Hongji.

2. On 26 November 2013, 致福玩具(深圳)有限公司(Zhifu Toys (Shenzhen) Limited*, a wholly-owned subsidiary of the Company, "Zhifu") entered into a memorandum of understanding with 深圳市滙豐和投資有限公司(Shenzhen Huifenghe Investment Limited*, "Shenzhen Huifenghe"), pursuant to which, Zhifu proposed to acquire the entire interest in Shops Nos. 101 to 118, 201 to 205 and 207 of 頤景峰苑(Yijingfengyuan*) which are situated on and including the parcel of land numbered G09303-0362 at Longgang Town, Longgang District, Shenzhen, Guangdong, the PRC from Shenzhen Huifenghe pursuant to the terms and conditions to be agreed between Zhifu and Shenzhen Huifenghe.

3. On 27 December 2013, Green Capital (a wholly-owned subsidiary of the Company), entered into a memorandum of understanding with 富恩德糧食產業基金管理有限公司(Fuende Foodstuff Industry Fund Management Limited*, "Fuende"), Shanghai Zhenrong Petroleum Co. Ltd. ("Shanghai Zhenrong") and 黑龍江新良農業科技開發有限公司(Heilongjiang Xinliang Agricultural Technology Development Limited*) (all of the above entities collectively as the "Proposed Joint Venturers"), pursuant to which, the Proposed Joint Venturers proposed to establish a joint venture, tentatively named 亞糧交易所有限公司(Asia Agricultural Products Exchange Limited*, "Asia Agricultural Products Exchange") at Qianhai District, Shenzhen, Guangdong, the PRC, subject to further agreements between the Proposed Joint Venturers. It is proposed that the principal business activity of Asia Agricultural Products Exchange is provision of trading and warehousing services of foodstuff and related foodstuff by-products.

4. On 6 January 2014, Green Capital entered into a memorandum of understanding with Fuende and Shanghai Zhenrong (all of the above entities collectively as the "Proposed Fund Builders"), pursuant to which, the Proposed Fund Builders proposed to establish 吉糧投資基金(Jiliang Foodstuff Investment Fund*) subject to further agreements between the Proposed Fund Builders, to facilitate the development of Asia Agricultural Products Exchange.

5. On 25 March 2014, Green Capital entered into a memorandum of understanding with Hong Kong TV International Media Group Limited ("Hong Kong TV") and Hong Kong Net TV Limited ("Hong Kong Net TV"), pursuant to which, Green Capital proposed to acquire the entire or part of the issued share capital of Hong Kong Net TV from Hong Kong TV, subject to the terms and conditions to be agreed between Green Capital and Hong Kong TV. The tentative consideration is proposed to be 5 times of the profit after tax for the year ended 31 December 2013 of Hong Kong Net TV to be determined based on the audited financial statements of Hong Kong Net TV for the year ended 31 December 2013 audited by an accounting firm in Hong Kong to be appointed by Green Capital. The principal business activity of Hong Kong Net TV is the operation of new media platforms and net television.

Each of the above memorandums of understanding shall be valid for 1 year from the date of its execution (except for the memorandums of understanding dated 26 November 2013 and 25 March 2014 be valid for 6 months), within which parties to the respective memorandums of understanding shall not negotiate or enter into any documents with other third parties in relation to projects or business equivalent or similar to those stipulated in the respective memorandums of understanding.

As at the date of this announcement, management is still assessing the feasibility studies of the above projects, and no formal agreements have been entered into between the parties involved.

COMMITMENTS AND CONTINGENT LIABILITIES

The Group's capital and operating lease commitments as at 31 December 2013 are detailed in Note 18 to this announcement.

The Group did not have any material contingent liabilities as at 31 December 2013.

EMPLOYEES AND REMUNERATION POLICY

The primary objective of the Group's remuneration policy is to retain and motivate employees by linking their compensation to the Group's performance and benchmarking their compensation against corporate goals, so that the interests of the employees are in line with those of the Company's shareholders.

As at 31 December 2013, the Group employed approximately 90 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing its employees with adequate and regular trainings. The Group remunerates its directors and employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

PURCHASE, SALE OR REDEMPTION OF SHARES

Save as disclosed in the paragraph headed "Capital Structure" above, neither the Company nor any of its subsidiaries purchase, sell or redeem any of the Company's securities listed on the Stock Exchange during the year.

CORPORATE GOVERNANCE PRACTICE

The Board believes that good governance is essential to the maintenance of the Group's competitiveness and to its healthy growth. The Company has adopted practices which meet the requirements of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules.

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. Save for the deviations from code provisions A.2.1 and A.6.7 which are explained below, the Company has been in compliance with all code provisions set out in the CG Code for the year ended 31 December 2013.

Under code provision A.2.1, the roles of Chairman of the Board and Chief Executive Officer should be separated and should not be performed by the same individual. The Company had appointed Mr. Wong Man Keung, an executive Director and Chief Executive Officer of the Company, as Acting Chairman of the Board, upon the resignation of Dr. Yang Wang Jian on 8 November 2012. The Board considered that this structure will not impair the balance of power and authority between the Board and the management of the Company, as the Board will meet regularly to consider major matters affecting the operations of the Group. The roles of the respective executive Directors and senior management who are in charge of different functions complement the roles of Chairman of the Board and Chief Executive Officer. The Board believed that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently. On 5 September 2013, Dr. Yang Wang Jian was re-appointed as an executive Director and Chairman of the Board and Mr. Wong Man Keung ceased to act as Acting Chairman of the Board. The Company has been in compliance with code provision A.2.1 from 5 September 2013.

Under code provision A.6.7, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Two independent non-executive Directors did not attend the annual general meeting held on 18 June 2013 due to other work commitments. The Company will strengthen its planning process, by giving all Directors sufficient time to arrange their work in advance and providing any necessary support for their presence and participation in the meetings, so as to facilitate all Directors attending the Company's future general meetings.

MODEL CODE ON SECURITIES TRANSACTION BY DIRECTORS

During the year, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Directors, the Directors have confirmed their compliance with the required standard as set out in the Model Code during the year.

AUDIT COMMITTEE

The audit committee currently comprises three independent non-executive Directors, namely Mr. Low Chin Sin (Chairman), Mr. Yeung King Wah, Kenneth and Mr. Wu Hong. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the audited consolidated financial statements of the Company for the year ended 31 December 2013 and this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement has been published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (http://www.irasia.com/listco/hk/greeninternational/index.htm). The 2013 annual report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of Hong Kong Exchanges and Clearing Limited and the Company on or before 30 April 2014.

SCOPE OF WORK OF PARKER RANDALL CF (H.K.) CPA LIMITED

The figures in respect of the Company's annual results announcement for the year ended 31 December 2013 have been agreed by the Company's external auditors, Parker Randall CF (H.K.) CPA Limited, to the amounts set out in the Company's consolidated financial statements for the year. The work performed by Parker Randall CF (H.K.) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Parker Randall CF (H.K.) CPA Limited on the annual results announcement.

* *for identification purposes only*

By order of the Board of
Green International Holdings Limited
Yang Wang Jian
Chairman

Hong Kong, 28 March 2014

As at the date of this announcement, the Board comprises (i) six executive Directors: Dr. Yang Wang Jian, Mr. Wong Man Keung, Ms. Yang Jun, Mr. Chen Hanhong, Ms. Yang Ya and Dr. Yu Qigang; (ii) one non-executive Director: Ms. Yu Jiaoli; and (iii) four independent non-executive Directors: Mr. Yeung King Wah, Kenneth, Mr. Wu Hong, Mr. Low Chin Sin and Mr. Ye Yunhan.