

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



GREEN INTERNATIONAL
Holdings Limited

格林國際控股有限公司

GREEN INTERNATIONAL HOLDINGS LIMITED

格林國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2700)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014, which have been prepared in accordance with the generally accepted accounting principles in Hong Kong, together with comparative figures for the year 2013 as follows.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	<i>Notes</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
Revenue	3	160,940	583,057
Direct costs and operating expenses	5	(147,899)	(572,393)
Gross profit		13,041	10,664
Other income and gains	4	1,021	531
Selling expenses	5	(25,877)	(1,215)
Administrative expenses	5	(41,627)	(22,778)
Provision for impairment of property, plant and equipment		–	(1,128)
Provision for impairment of goodwill		(29,759)	(1,744)
Discount on past due balances of trade receivables		(10,601)	(28,846)
Finance (costs)/income, net	6	(4,255)	225
Loss before income tax		(98,057)	(44,291)
Income tax expense	7	(728)	(1,444)
Loss for the year		(98,785)	(45,735)

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
(Loss)/Profit for the year attributable to:			
– Equity holders of the Company		(99,147)	(48,947)
– Non-controlling interests		362	3,212
		<u>(98,785)</u>	<u>(45,735)</u>
Loss per share for loss for the year attributable to the equity holders of the Company (restated)			
– Basic (<i>HK cents</i>)	8	<u>(5.99)</u>	<u>(4.26)</u>
– Diluted (<i>HK cents</i>)	8	<u>(5.99)</u>	<u>(4.26)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Loss for the year	(98,785)	(45,735)
Other comprehensive income, net of tax		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Translation of foreign currency financial statements		
– Exchange differences arising during the year	608	158
– Reclassification adjustments relating to foreign operations disposed of during the year	21	–
	<u>629</u>	<u>158</u>
Total comprehensive expenses for the year	<u>(98,156)</u>	<u>(45,577)</u>
Total comprehensive (expenses)/income for the year attributable to:		
– Equity holders of the Company	(98,483)	(48,941)
– Non-controlling interests	327	3,364
	<u>(98,156)</u>	<u>(45,577)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	<i>Notes</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		15,772	19,574
Goodwill		160,877	29,759
Other intangible assets		1,568	–
Deposit paid for acquisition of subsidiaries	<i>10</i>	20,000	88,692
		198,217	138,025
Current assets			
Inventories		696	1,271
Trade receivables	<i>11</i>	111,325	282,610
Loan receivable		19,000	–
Prepayments, deposits and other receivables	<i>12</i>	38,222	8,965
Amount due from a non-controlling shareholder of a subsidiary		–	3,764
Tax recoverable		707	1,271
Cash and cash equivalents		131,205	80,486
		301,155	378,367
Total assets		499,372	516,392
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	<i>13</i>	18,537	12,190
Share premium		495,054	208,389
Other reserves		69,326	22,629
Accumulated losses		(128,187)	(32,453)
		454,730	210,755
Non-controlling interests		6,876	6,580
Total equity		461,606	217,335

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Convertible bonds	<i>14</i>	8,584	4,169
Contingent consideration payable	<i>15</i>	273	6,099
		<u>8,857</u>	<u>10,268</u>
Current liabilities			
Trade payables	<i>16</i>	3,632	144,956
Other payables, accruals and deposits received		25,266	18,332
Amount due to controlling shareholder		–	122,591
Tax payable		11	2,910
		<u>28,909</u>	<u>288,789</u>
Total liabilities		<u>37,766</u>	<u>299,057</u>
Total equity and liabilities		<u>499,372</u>	<u>516,392</u>
Net current assets		<u>272,246</u>	<u>89,578</u>
Total assets less current liabilities		<u>470,463</u>	<u>227,603</u>

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.

Following the acquisition of a clubhouse business on 30 January 2014 (Note 17(a)), the Group were principally engaged in the manufacturing and trading of recreational and educational toys and equipment and operation of clubhouse business during the year.

The Directors consider Gold Bless International Invest Limited (“Gold Bless”), a company incorporated in the British Virgin Islands (the “BVI”), 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 30 March 2015.

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

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of consolidated financial statements, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance, Cap. 32, in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance, Cap. 622, “Accounts and Audit”, which are set out in Sections 76 to 87 of Schedule 11 to that Ordinance. 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 consolidated 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 2014 annual report.

2.2 Adoption of amendments and interpretations to existing standards

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

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies
Amendment to HKFRS 13 included in Annual Improvements to HKFRSs 2010-2012 Cycle	Short-term Receivables and Payables
Amendment to HKFRS 1 included in Annual Improvements to HKFRSs 2011-2013 Cycle	Meaning of Effective HKFRSs

The adoption of these amendments and interpretations to existing standards 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.

(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 2015 and have not been early adopted by the Group.

HKFRS 9	Financial Instruments ⁵
HKFRS 14	Regulatory Deferral Accounts ³
HKFRS 15	Revenue from Contracts with Customers ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ³
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ³

¹ Effective for annual periods beginning on or after 1 July 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 January 2016

⁴ Effective for annual periods beginning on or after 1 January 2017

⁵ Effective for annual periods beginning on or after 1 January 2018

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.

(c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company’s first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it is concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

3 REVENUE AND 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. The Group’s operating businesses are structured and managed separately according to the nature of their operations and the products or services they provide. Each of the Group’s business segments represent a strategic business unit that offers products or services which are subject to risks and returns that are different from those of the other business segments. Management considers the Group’s business segments are as follows:

- (a) the toys business segment engages in the manufacturing and trading of recreational and educational toys and equipment; and
- (b) the clubhouse business segment engages in the operation of clubhouse business.

Intersegment revenue is eliminated on consolidation. Intersegment sales and transfers are transacted according to the relevant prevailing market prices.

Segment results are presented as operating profit or loss.

The Group primarily operates in Hong Kong and the PRC.

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

	Toys business HK\$’000	Clubhouse business HK\$’000	Consolidated HK\$’000
For the year ended 31 December 2014			
Hong Kong	1,208	–	1,208
The PRC	6,083	17,205	23,288
Europe	57,417	–	57,417
Japan	72,449	–	72,449
South America	924	–	924
North America	3,383	–	3,383
Others	2,271	–	2,271
	143,735	17,205	160,940

	Toys business <i>HK\$'000</i>	Clubhouse business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
For the year ended 31 December 2013			
Hong Kong	10,408	–	10,408
The PRC	7,844	–	7,844
Europe	127,170	–	127,170
Japan	409,033	–	409,033
South America	–	–	–
North America	21,189	–	21,189
Others	7,413	–	7,413
	<u>583,057</u>	<u>–</u>	<u>583,057</u>

Revenue is allocated based on the geographical locations in which customers are located and the geographical locations of operations for toys business segment and clubhouse business segment, respectively. During the year ended 31 December 2014, revenue of approximately HK\$121,637,000 (2013: HK\$508,815,000) were derived from 2 major customers (2013: 2 customers) who individually account for more than 10% of the total revenue.

Results by operating segments are as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Toys business	(47,962)	(28,739)
Clubhouse business	<u>(27,261)</u>	<u>–</u>
Total net operating loss by operating segments	(75,223)	(28,739)
Unallocated corporate expenses, net	(18,840)	(15,777)
Gain on disposal of a subsidiary	261	–
Finance (costs)/income, net	<u>(4,255)</u>	<u>225</u>
Loss before income tax	(98,057)	(44,291)
Income tax expense	<u>(728)</u>	<u>(1,444)</u>
Loss for the year	<u><u>(98,785)</u></u>	<u><u>(45,735)</u></u>

Total assets of the Group by operating segments and geographical regions are as follows:

	Toys business <i>HK\$'000</i>	Clubhouse business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
As at 31 December 2014			
Hong Kong	118,722	–	118,722
The PRC	<u>1,499</u>	<u>181,009</u>	<u>182,508</u>
	<u><u>120,221</u></u>	<u><u>181,009</u></u>	<u><u>301,230</u></u>
Unallocated corporate assets			178,142
Deposit paid for acquisition of subsidiaries			<u>20,000</u>
			<u><u>499,372</u></u>

	Toys business <i>HK\$'000</i>	Clubhouse business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
As at 31 December 2013			
Hong Kong	363,921	–	363,921
The PRC	28,521	–	28,521
	<u>392,442</u>	<u>–</u>	<u>392,442</u>
Unallocated corporate assets			35,258
Deposit paid for acquisition of subsidiaries			<u>88,692</u>
			<u>516,392</u>

Total assets are allocated based on their geographical locations.

Non-current assets of the Group by operating segments and geographical regions are as follows:

	Toys business <i>HK\$'000</i>	Clubhouse business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
As at 31 December 2014			
Hong Kong	61	–	61
The PRC	642	174,874	175,516
	<u>703</u>	<u>174,874</u>	<u>175,577</u>
Unallocated corporate assets			2,640
Deposit paid for acquisition of subsidiaries			<u>20,000</u>
			<u>198,217</u>

	Toys business <i>HK\$'000</i>	Clubhouse business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
As at 31 December 2013			
Hong Kong	29,910	–	29,910
The PRC	19,076	–	19,076
	<u>48,986</u>	<u>–</u>	<u>48,986</u>
Unallocated corporate assets			347
Deposit paid for acquisition of subsidiaries			<u>88,692</u>
			<u>138,025</u>

Non-current assets are allocated based on their geographical locations.

Capital expenditures of the Group by operating segments and geographical regions are as follows:

	Toys business HK\$'000	Clubhouse business HK\$'000	Consolidated HK\$'000
For the year ended 31 December 2014			
Hong Kong	53	–	53
The PRC	7,611	2,116	9,727
	<u>7,664</u>	<u>2,116</u>	<u>9,780</u>

Unallocated corporate capital expenditures			695
Cash paid for acquisition of subsidiaries			2,010
Deposit paid for acquisition of subsidiaries			20,000
			<u>32,485</u>

	Toys business HK\$'000	Clubhouse business HK\$'000	Consolidated HK\$'000
--	---------------------------------------	--	----------------------------------

For the year ended 31 December 2013

Hong Kong	3	–	3
The PRC	18,383	–	18,383
	<u>18,386</u>	<u>–</u>	18,386

Unallocated corporate capital expenditures			4
Deposit paid for acquisition of subsidiaries			88,692
			<u>107,082</u>

Capital expenditures are allocated based on their geographical locations.

4 OTHER INCOME AND GAINS

	2014 HK\$'000	2013 HK\$'000
Sundry income	86	116
Exchange gain	674	415
Gain on disposal of a subsidiary (<i>Note 18</i>)	261	–
	<u>1,021</u>	<u>531</u>

5 EXPENSES BY NATURE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Auditor's remuneration		
– audit services	771	660
– non-audit services	–	8
Depreciation of property, plant and equipment	6,920	1,346
Merchandise purchased and changes in inventories	139,595	568,861
Subcontracting charges	–	1,005
Employee benefit expenses	28,214	12,148
Operating lease rental expenses	13,179	5,130
Others	26,724	7,228
	<hr/>	<hr/>
Total direct costs, operating expenses, selling expenses and administrative expenses	215,403	596,386
	<hr/> <hr/>	<hr/> <hr/>

6 FINANCE COSTS/INCOME, NET

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest income:		
– Bank deposits	76	14
– Loan receivable	230	–
Fair value change of contingent consideration payable (<i>Note 15</i>)	2,112	4,587
Interest expense:		
– Amount due to controlling shareholder	(527)	(655)
– Other borrowings due within 1 year	–	(129)
– Convertible bonds (<i>Note 14</i>)	(6,146)	(3,592)
	<hr/>	<hr/>
Finance (costs)/income, net	(4,255)	225
	<hr/> <hr/>	<hr/> <hr/>

7 INCOME TAX EXPENSE

Hong Kong profits tax and PRC Enterprise Income Tax have been provided at the rate of 16.5% (2013: 16.5%) and 25% (2013: 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current taxation		
– Hong Kong profits tax	737	1,444
– PRC Enterprise Income Tax	2	10
	<hr/>	<hr/>
	739	1,454
Write back of over-provision in respect of prior years		
– Hong Kong profits tax	(11)	(10)
	<hr/>	<hr/>
	728	1,444
	<hr/> <hr/>	<hr/> <hr/>

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

	2014 HK\$'000	2013 <i>HK\$'000</i>
Loss before income tax	<u>(98,057)</u>	<u>(44,291)</u>
Calculated at Hong Kong profits tax rate of 16.5% (2013: 16.5%)	(16,179)	(7,308)
Effect of different tax rates in other jurisdictions	(2,891)	(328)
Income not subject to tax	(1,100)	(757)
Expenses not deductible	12,926	8,229
Tax losses for which no deferred income tax asset was recognized	7,985	1,587
Write back of over-provision in respect of prior years	(11)	(10)
Others	<u>(2)</u>	<u>31</u>
Income tax expense	<u>728</u>	<u>1,444</u>

8 LOSS PER SHARE

Basic

The calculation of basic loss per share is based on the consolidated loss attributable to the equity holders of the Company of approximately HK\$99,147,000 (2013: HK\$48,947,000) divided by the weighted average number of approximately 1,654,760,000 (2013 (restated): 1,149,177,000) ordinary shares in issue during the year, after taking into consideration of the mandatorily convertible bonds issued on 30 January 2014 as partial satisfaction of the consideration for the acquisition of a clubhouse business (*Note 17(a)*) and the effect of an open offer completed during the year (*Note 13(a)(vii)*).

	2014	2013 (restated)
Loss attributable to the equity holders of the Company (<i>HK\$'000</i>)	99,147	48,947
Weighted average number of ordinary shares in issue (<i>thousands</i>)	1,654,760	1,149,177
Basic loss per share (<i>HK cents</i>)	<u>(5.99)</u>	<u>(4.26)</u>

Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding (after taking into consideration of the mandatorily convertible bonds as mentioned above) to assume exercise/conversion of all dilutive potential ordinary shares (excluding shares issuable upon the conversion of the mandatorily convertible bonds as mentioned above). The Company has 3 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 (the "Tai Cheng CB") (*Note 15*).

For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the year) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options. Hence, the share options have a dilutive effect only when the average market price of ordinary shares during the year exceeds the exercise price of the share options.

For the convertible bonds and the Tai Cheng CB, they are assumed to have been converted into ordinary shares, and the loss for the year attributable to the equity holders of the Company is adjusted to eliminate the interest expense of the convertible bonds and fair value change of the liability component of the Tai Cheng CB.

The computation of diluted loss per share for the year ended 31 December 2014 did not assume the exercise of the Company's outstanding share options since their assumed exercise would result in a decrease in loss per share. The computation of diluted loss per share for the year ended 31 December 2013 did not assume the exercise of the Company's outstanding share options because the exercise price of the Company's share options was higher than the average market prices per share.

The computation of diluted loss per share for the years ended 31 December 2014 and 2013 did not assume the conversion of the Company's outstanding convertible bonds and Tai Cheng CB since their assumed conversion would result in a decrease (2013: decrease) in loss per share.

9 DIVIDENDS

No dividend in respect of the year ended 31 December 2014 (2013: Nil) is to be proposed at the forthcoming annual general meeting.

10 DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES

- (a) On 21 November 2014, the Company, Mr. Chung Sum Sang ("Mr. Chung") and Ms. Eva Au ("Ms. Au") entered into a sale and purchase agreement pursuant to which the Company has conditionally agreed to purchase the 100% equity interests of Rainbow Star Global Limited ("Rainbow Star"), a company incorporated in the BVI, from Mr. Chung and Ms. Au at a maximum aggregate consideration of HK\$217,000,000, out of which not more than HK\$54,250,000 will be settled in cash and the remaining consideration of not more than HK\$162,750,000 will be settled by the issue of convertible bonds by the Company in 3 equal tranches, with references to the profit guarantee for the three years ending 31 December 2015, 2016 and 2017.

Rainbow Star is an investment holding company, which will hold 70% indirect equity interest in 深圳市瑪莎嘉兒連鎖實業有限公司 (Shenzhen Marsa Guer Chain Enterprise Ltd.*, "Marsa Guer") upon completion of a restructuring pursuant to the sale and purchase agreement. Marsa Guer and its subsidiaries are principally engaged in the operation of beauty and wellness shops, medical licensed beauty center and the cooperation with clubhouses for the provision of beauty and wellness related services in Shenzhen, the PRC.

Pursuant to the terms of the sale and purchase agreement (as supplemented by a supplemental agreement dated 16 December 2014), on 21 November 2014 and 23 December 2014, deposits in the aggregate amount of HK\$20,000,000 was paid to Mr. Chung and Ms. Au.

- (b) 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 HK\$76,620,000) will be settled by the issue of convertible bonds by the Company.

The principal terms of the convertible bonds are detailed in Note 14(c).

Big Point is an investment holding company, which holds 100% direct equity interest in 格林銀湖健康養生(深圳)有限公司 (Green Silver Lake Health & Wellness (Shenzhen) Co., Ltd*, "Green Silver Lake") (formerly known as Dijia Restaurant Management (Shenzhen) Co., Ltd. 迪嘉餐飲管理(深圳)有限公司). 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 (Note 17 (a)), and the convertible bonds have been issued to China Real Estates on 30 January 2014 as final payment of the consideration of the acquisition.

11 TRADE RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	163,304	323,988
<i>Less: Provision for discount on past due balances</i>	<u>(51,979)</u>	<u>(41,378)</u>
	<u>111,325</u>	<u>282,610</u>

The Group's trade receivables are generally with credit periods of 90 days (2013: 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 credit risk.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount 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 2014 and 2013 are as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 – 30 days	2,772	39,806
31 – 60 days	44	38,278
61 – 90 days	37	7,929
91 – 180 days	2,626	3,088
Over 180 days	<u>157,825</u>	<u>234,887</u>
	<u>163,304</u>	<u>323,988</u>

Management assessed the credit quality of those trade receivables of approximately HK\$2,853,000 (2013: HK\$86,013,000) that are neither past due nor impaired by reference to the repayment history and current financial position of these customers. Those receivables are related to individual customers for whom there was no recent history of default and no significant change in credit quality. Management believes that no provision for impairment is necessary and these balances are expected to be fully recoverable.

As at 31 December 2014, trade receivables of approximately HK\$160,451,000 (2013: HK\$237,975,000) were past due but not impaired. These relate to several customers for whom there is settlement during the year. The ageing analysis of these trade receivables is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
91 – 180 days	2,626	3,088
Over 180 days	<u>157,825</u>	<u>234,887</u>
	<u>160,451</u>	<u>237,975</u>

12 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Prepayments	4,489	621
Deposit paid for establishment of an associated company (<i>Note</i>)	25,110	–
Trade deposits paid	–	6,706
Other deposits paid	2,805	978
Other receivables	5,818	660
	<u>38,222</u>	<u>8,965</u>

Note: This deposit was paid for the establishment of an associated company. Subsequent to the end of the reporting period, Green Capital entered into a disposal agreement for the disposal of its interests in the associated company. The deposit will be returned upon completion of the disposal.

The carrying amounts of prepayments, deposits and other receivables approximate their fair values.

13 SHARE CAPITAL

Authorised capital

	Number of shares	Nominal value <i>HK\$'000</i>
At 1 January 2013, 31 December 2013 and 31 December 2014, ordinary shares of HK\$0.01 each	<u>4,000,000,000</u>	<u>40,000</u>

Issued and fully paid capital

	Number of shares	Nominal value <i>HK\$'000</i>
At 1 January 2013	904,007,900	9,040
Issue of shares upon completion of a top-up placing and top-up subscription (<i>Note (a)(i)</i>)	126,800,000	1,268
Issue of shares upon completion of a top-up placing and top-up subscription (<i>Note (a)(ii)</i>)	54,000,000	540
Issue of shares upon conversion of convertible bonds (<i>Note (a)(iii)</i>)	134,175,824	1,342
At 31 December 2013	<u>1,218,983,724</u>	<u>12,190</u>
Issue of shares upon exercise of share options (<i>Note (a)(iv)</i>)	1,000,000	10
Issue of shares upon conversion of convertible bonds (<i>Note (a)(v)</i>)	51,080,000	511
Issue of shares upon conversion of convertible bonds (<i>Note (a)(vi)</i>)	60,000,000	600
Issue of shares upon completion of an open offer (<i>Note (a)(vii)</i>)	399,319,117	3,993
Issue of shares upon exercise of share options (<i>Note (a)(viii)</i>)	7,000,000	70
Issue of shares upon conversion of convertible bonds (<i>Note (a)(ix)</i>)	116,279,069	1,163
At 31 December 2014	<u>1,853,661,910</u>	<u>18,537</u>

Notes:

(a) Issue of new shares

- (i) 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. The net proceeds was approximately HK\$25,418,000 and was used as working capital of the Group.
- (ii) 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. The net proceeds was approximately HK\$12,697,000 and was used as working capital of the Group.
- (iii) On 7 November 2013, certain 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 (i) above) and, accordingly, the Company allotted and issued a total of 134,175,824 shares to the convertible bond holders (Note 14(a)).
- (iv) On 16 January 2014, 1,000,000 outstanding share options were exercised at an exercise price of HK\$0.37 per share and, accordingly, the Company allotted and issued a total of 1,000,000 shares to the grantee. The proceeds was used as working capital of the Group.
- (v) On 18 February 2014, certain outstanding 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 allotted and issued a total of 51,080,000 shares to the convertible bond holders (Note 14(c)).
- (vi) On 18 July 2014, certain outstanding convertible bonds with an aggregate principal amount of HK\$30,000,000 were converted into the shares of the Company at a conversion price of HK\$0.50 per share and, accordingly, the Company allotted and issued a total of 60,000,000 shares to the convertible bond holders (Note 14(d)).
- (vii) On 19 August 2014, upon the completion of an open offer on the basis of 3 offer shares for every 10 shares, 399,319,117 shares of the Company were issued at a subscription price of HK\$0.45 per share to the shareholders of the Company. The net proceeds was approximately HK\$178,007,000 and was used for potential acquisitions and investments and as working capital of the Group.
- (viii) On 29 August 2014, 7,000,000 outstanding share options were exercised at an exercise price of HK\$0.32 per share (as adjusted to reflect the open offer as detailed in (vii) above) and, accordingly, the Company allotted and issued a total of 7,000,000 shares to the grantee. The proceeds was used as working capital of the Group.
- (ix) On 30 December 2014, certain outstanding convertible bonds with an aggregate principal amount of HK\$50,000,000 were converted into the shares of the Company at a conversion price of HK\$0.43 (as adjusted to reflect the open offer as detailed in (vii) above) per share and, accordingly, the Company allotted and issued a total of 116,279,069 shares to the convertible bond holders (Note 14(d)).

(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 options to any eligible participants to subscribe for shares of 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.

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 as 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%.

- (ii) Pursuant to 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 2,000,000 unexercised share options were lapsed in August 2013.
- (iii) During the year ended 31 December 2014, 2 grantees exercised a total of 8,000,000 share options (detailed in (a)(iv) and (a)(viii) above).
- (iv) The exercise price of the share options has been adjusted from HK\$0.37 per share to HK\$0.32 per share with effect from 19 August 2014 as a result of an open offer completed on 19 August 2014.
- (v) Movements in the share options are as follows:

	2014		2013	
	Average exercise price in HK\$ per share	Number of share options	Average exercise price in HK\$ per share	Number of share options
At 1 January	0.37	65,800,000	0.37	65,800,000
Exercised	0.33	(8,000,000)	–	–
Lapsed	–	–	0.37	(2,000,000)
At 31 December	0.32	<u>57,800,000</u>	0.37	<u>63,800,000</u>
			2014	2013
– Range of exercise prices			<u>HK\$0.32</u>	HK\$0.37
– Weighted average remaining contractual life			<u>7.35 years</u>	<u>8.35 years</u>

14 CONVERTIBLE BONDS

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

	2011 CB HK\$'000 (Note (a))	1st Tai Cheng CB HK\$'000 (Note (b))	Big Point CB HK\$'000 (Note (c))	Shanghai Zhenrong CB HK\$'000 (Note (d))	Ms. You CB HK\$'000 (Note (d))	2nd Tai Cheng CB HK\$'000 (Note (e))	Total HK\$'000
At 1 January 2013	22,143	-	-	-	-	-	22,143
Right of conversion exercised by bond holders	(24,420)	-	-	-	-	-	(24,420)
Issue of convertible bonds	-	4,075	-	-	-	-	4,075
Interest expenses (Note 6)	3,498	94	-	-	-	-	3,592
Interest paid	(1,221)	-	-	-	-	-	(1,221)
At 31 December 2013	-	4,169	-	-	-	-	4,169
Issue of convertible bonds	-	-	76,620	50,000	30,000	3,714	160,334
Direct issue costs	-	-	-	(140)	(84)	-	(224)
Equity component on initial recognition	-	-	(76,620)	(12,725)	(7,436)	-	(96,781)
Right of conversion exercised by bondholders	-	-	-	(41,475)	(23,585)	-	(65,060)
Interest expenses (Note 6)	-	612	-	4,340	1,105	89	6,146
At 31 December 2014	-	4,781	-	-	-	3,803	8,584

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.

There were outstanding convertible bonds in the aggregate principal amount of approximately HK\$62,872,000 which were convertible into 146,213,434 shares of the Company as at 31 December 2014.

Convertible bonds issued by the Group and outstanding during the years ended 31 December 2014 and 2013 were as follows:

- (a) 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 was 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 was convertible 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 a top-up placing and top-up subscription on 21 August 2013 (Note 13(a)(i)). The effective interest rate of the 2011 CB was 23.24% per annum. The proceeds were used for the group restructuring completed on 7 November 2011 and as working capital of the Group.

The 2011 CB with an aggregate principal amount of HK\$60,680,000 were converted into 328,000,000 shares of the Company in 2011 and 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 (Note 13(a)(iii)).

- (b) Pursuant to the sale and purchase agreement to the acquisition of Tai Cheng International Limited (“Tai Cheng”) (Note 15), 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 (the “1st Tai Cheng CB”) to Hong Kong Tai Shing Toys Trading Limited (“Tai Shing”). The 1st Tai Cheng CB is denominated in Hong Kong dollars, unsecured, interest-free and will be matured on 29 October 2016. The 1st Tai Cheng CB is convertible into the shares of the Company at the holder’s option before maturity at an initial conversion price of HK\$0.50 per share (subject to adjustments). The effective interest rate of the 1st Tai Cheng CB was 17.90% per annum.

Due to the completion of an open offer on 19 August 2014 (Note 13(a)(vii)), the conversion price of the 1st Tai Cheng CB was adjusted from HK\$0.50 per share to HK\$0.43 per share with effect from 19 August 2014.

- (c) Pursuant to the sale and purchase agreement to the acquisition of Big Point (Note 17), the Company issued convertible bonds on 30 January 2014 in an aggregate principal amount of HK\$76,620,000 (the “Big Point CB”) to China Real Estates Investment Holdings Limited (“China Real Estates”) as partial satisfaction of the consideration. The Big Point CB is denominated in Hong Kong dollars, unsecured, interest-free and will be matured on 30 January 2017. In respect of the conversion by the bondholder, (a) for the principal amount of HK\$25,540,000, the convertible bonds is convertible into shares before maturity, and (b) for the remaining principal amount of HK\$51,080,000, the convertible bonds is convertible into shares from the period commencing from 12 months after the issue date to maturity, at an initial conversion price of HK\$0.50 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 is convertible into shares from the period commencing from 12 months after the issue date to maturity, at an initial conversion price of HK\$0.50 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 an initial conversion price of HK\$0.50 per share (subject to adjustments).

Certain Big Point CB in the principal amount of HK\$25,540,000 were converted into 51,080,000 shares of the Company on 18 February 2014 (Note 13(a)(v)).

Due to the completion of an open offer on 19 August 2014 (Note 13(a)(vii)), the conversion price of the Big Point CB was adjusted from HK\$0.50 per share to HK\$0.43 per share with effect from 19 August 2014.

Subsequent to the end of the reporting period, certain Big Point CB in the principal amount of HK\$25,000,000 were converted into 58,139,534 shares of the Company on 30 January 2015.

- (d) On 14 January 2014, the Company entered into two separate subscription agreements with two subscribers respectively in relation to the issue of convertible bonds in an aggregate principal amount of HK\$80,000,000. The first subscriber, Shanghai Zhenrong Petroleum Co., Ltd (“Shanghai Zhenrong”), subscribed for the convertible bonds in the principal amount of HK\$50,000,000 (the “Shanghai Zhenrong CB”) and the second subscriber, Ms. You Xia (“Ms. You”), subscribed for the convertible bonds in the principal amount of HK\$30,000,000 (the “Ms. You CB”). The Shanghai Zhenrong CB and the Ms. You CB are denominated in Hong Kong dollars, unsecured, bear interest at 5% per annum and will be matured on the date falling on the third anniversary of the issue of the convertible bonds. Interest will be payable on the maturity date if these convertible bonds are neither converted nor redeemed prior to the maturity date. These convertible bonds are convertible into shares of the Company at the holder’s option before maturity at an initial conversion price of HK\$0.50 per share (subject to adjustments). The effective interest rates of the Shanghai Zhenrong CB and the Ms. You CB were 15.59% and 15.24% per annum respectively. The proceeds is intended to be used for partial repayment of amount due to the controlling shareholder, operations of the clubhouse business acquired on 30 January 2014 (Note 17) and as working capital of the Group.

The Shanghai Zhenrong CB and the Ms. You CB were issued respectively to a nominee of Shanghai Zhenrong and Ms. You on 28 March 2014 and 18 March 2014.

The Ms. You CB in the principal amount of HK\$30,000,000 were converted into 60,000,000 shares of the Company on 18 July 2014 (Note 13(a)(vi)).

Due to the completion of an open offer on 19 August 2014 (Note 13(a)(vii)), the conversion price of the Shanghai Zhenrong CB was adjusted from HK\$0.50 per share to HK\$0.43 per share with effect from 19 August 2014.

The Shanghai Zhenrong CB in the principal amount of HK\$50,000,000 were converted into 116,279,069 shares of the Company on 30 December 2014 (Note 13(a)(ix)).

- (e) Pursuant to the sale and purchase agreement to the acquisition of Tai Cheng (Note 15), the Company issued the second tranche of the Tai Cheng CB on 13 October 2014 in an aggregate principal amount of HK\$5,628,138 (the “2nd Tai Cheng CB”) to Tai Shing. The 2nd Tai Cheng CB is denominated in Hong Kong dollars, unsecured, interest-free and will be matured on 13 October 2017. The 2nd Tai Cheng CB is convertible into the shares of the Company at the holder’s option before maturity at an initial conversion price of HK\$0.43 per share (subject to adjustments). The effective interest rate of the 2nd Tai Cheng CB was 17.99% per annum.

15 CONTINGENT CONSIDERATION PAYABLE

On 8 May 2012, the Group acquired 55% equity interests in Tai Cheng, at a total consideration of not exceeding HK\$30,000,100. Tai Cheng is principally engaged in trading of toys in Hong Kong.

Pursuant to the sale and purchase agreement, contingent consideration payable in aggregate not exceeding HK\$30,000,000 (the remaining consideration of HK\$100 was settled in cash) 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 denominated in Hong Kong dollars, unsecured, interest free, will mature on the date falling on the third anniversary of the date of issue and will be convertible into the shares of the Company at an initial conversion price of HK\$0.50 per share (subject to adjustments). Due to the completion of an open offer on 19 August 2014 (Note 13(a)(vii)), the conversion price of the Tai Cheng CB was adjusted from HK\$0.50 per share to HK\$0.43 per share with effect from 19 August 2014.

The Company issued the first and second tranches of the Tai Cheng CB on 29 October 2013 and 13 October 2014 in the respective aggregate principal amounts of HK\$6,163,639 and HK\$5,628,138 (Note 14(b) and 14(e)).

A liability component and an equity component were classified at initial recognition of the contingent consideration payable.

The fair value of the liability component of the contingent consideration payable 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 2014 at fair value of approximately HK\$273,000 (31 December 2013: HK\$6,099,000), with decrease in fair value of approximately HK\$2,112,000 (2013: HK\$4,587,000) recognised within finance costs/income, net (Note 6) in the consolidated income statement.

The liability component of the contingent consideration payable recognised in the consolidated statement of financial position was calculated as follows:

	2014 HK\$'000	2013 HK\$'000
At 1 January	6,099	14,761
Fair value changes (Note 6)	(2,112)	(4,587)
Issue of the 1st Tai Cheng CB (Note 14(b))	–	(4,075)
Issue of the 2nd Tai Cheng CB (Note 14(e))	(3,714)	–
	<hr/>	<hr/>
At 31 December	273	6,099
	<hr/> <hr/>	<hr/> <hr/>

The equity component of the contingent consideration payable, which represents the value of the equity conversion option, was initially recognised in the amount of approximately HK\$16,733,000. As at 31 December 2014, the equity component of the contingent consideration payable amounting to approximately HK\$301,000 (31 December 2013: HK\$6,873,000) is included in equity within other reserves.

16 TRADE PAYABLES

The ageing analysis of trade payables as at 31 December 2014 and 2013 are as follows:

	2014 HK\$'000	2013 HK\$'000
0 – 30 days	430	49,443
31 – 60 days	303	72,692
61 – 90 days	17	7,120
91 days – 1 year	52	1,372
Over 1 year	2,830	14,329
	<hr/>	<hr/>
	3,632	144,956
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of trade payables approximate their fair values.

17 ACQUISITION OF SUBSIDIARIES

- (a) On 16 December 2013, the Company, Green Capital, China Real Estates and 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, 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 HK\$76,620,000) will be settled by the issue of the Big Point CB (Note 14(c)).

Big Point is an investment holding company, which holds 100% direct equity interest in 格林銀湖健康養生(深圳)有限公司 (Green Silver Lake) (formerly known as Dijia Restaurant Management (Shenzhen) Co., Ltd. 迪嘉餐飲管理(深圳)有限公司). Green Silver Lake is the major operating subsidiary of Big Point. Big Point and its subsidiaries (the “Big Point Group”) 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 Big Point CB was issued to China Real Estates on 30 January 2014 as final payment of the consideration of the acquisition.

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 to them in the respective amounts of approximately RMB19,234,000 and RMB12,582,000 (collectively equivalent to approximately HK\$40,788,000) to a subsidiary of the Company at nominal considerations of RMB1 each. Also, subsequent to the completion of the acquisition, on 28 February 2014, Mr. Tang assigned the indebtedness owed by Dijia Restaurant to him in the amount of approximately RMB1,283,000 (equivalent to approximately HK\$1,625,000) to a subsidiary of the Company at a nominal consideration of RMB1.

Revenue and net loss of approximately HK\$17,205,000 and HK\$27,391,000, respectively, from the Big Point Group were contributed to the Group for the period from 30 January 2014 to 31 December 2014.

- (b) On 7 October 2014, Green Capital, Ms. Tan Li ("Ms. Tan", the spouse of Dr. Yang Wang Jian ("Dr. Yang"), an executive Director and chairman of the Board) and Mr. Siu Che On ("Mr. Siu", a son-in-law of Dr. Yang) entered into a sale and purchase agreement pursuant to which Green Capital has conditionally agreed to purchase the 100% equity interests of Hung Cheong Paper Products Factory Limited ("Hung Cheong"), a company incorporated in Hong Kong, from Ms. Tan and Mr. Siu at a cash consideration of HK\$2,000,000.

Hung Cheong is an investment holding company, its major assets being a cross-boundary vehicle licence and a motor vehicle.

Pursuant to the terms of the sale and purchase agreement, the acquisition was subsequently completed on 31 October 2014.

No revenue was contributed by Hung Cheong to the Group since its acquisition. Net loss of approximately HK\$33,000 from Hung Cheong was contributed to the Group for the period from 31 October 2014 to 31 December 2014.

- (c) On 31 October 2014, Green Capital purchased the 100% equity interests of Marsa Investment Holdings Limited ("Marsa Investment"), a company incorporated in Hong Kong, from Dr. Yang and Ms. Au at a cash consideration of HK\$10,000. Marsa Investment was owned as to 25% and 75% by Dr. Yang and Ms. Au respectively immediately before the acquisition.

Marsa Investment is a dormant company and has not yet commenced business.

No revenue or results was contributed by Marsa Investment to the Group since its acquisition.

The following table summarises the considerations for the above acquisitions, and the fair values of the assets acquired and liabilities assumed recognised on the acquisition date.

	Fair values recognised on acquisition			Total HK\$'000
	Big Point Group HK\$'000	Hung Cheong HK\$'000	Marsa Investment HK\$'000	
Purchase consideration				
– Cash paid	–	2,000	10	2,010
– Cash deposit paid in prior year	88,692	–	–	88,692
– Big Point CB issued	76,620	–	–	76,620
– Indebtedness assigned to the Group	(42,413)	–	–	(42,413)
Total purchase consideration	<u>122,899</u>	<u>2,000</u>	<u>10</u>	<u>124,909</u>
Identifiable assets acquired and liabilities assumed on acquisition date				
Property, plant and equipment	18,436	431	–	18,867
Other intangible assets	–	1,568	–	1,568
Inventories	1,042	–	–	1,042
Trade receivables	208	–	–	208
Prepayment, deposits and other receivables	2,765	–	–	2,765
Amount due from a fellow subsidiary	–	–	10	10
Cash and cash equivalents	906	14	–	920
Trade payables	(3,009)	–	–	(3,009)
Other payables, accruals and deposits received	(17,569)	(13)	–	(17,582)
Amount due to a fellow subsidiary	(40,788)	–	–	(40,788)
Total identifiable (net liabilities assumed)/ net assets acquired	<u>(38,009)</u>	<u>2,000</u>	<u>10</u>	<u>(35,999)</u>
Non-controlling interests	31	–	–	31
Goodwill	160,877	–	–	160,877
	<u>122,899</u>	<u>2,000</u>	<u>10</u>	<u>124,909</u>

An analysis of the net inflow/outflow of cash and cash equivalents in the current year in respect of the above acquisitions is as follows:

	Big Point Group HK\$'000	Hung Cheong HK\$'000	Marsa Investment HK\$'000	Total HK\$'000
Cash and cash equivalents acquired	906	14	–	920
Less: Consideration satisfied by cash in the current year	–	(2,000)	(10)	(2,010)
Net cash inflow/(outflow) on acquisition of subsidiaries in the current year	<u>906</u>	<u>(1,986)</u>	<u>(10)</u>	<u>(1,090)</u>

18 DISPOSAL OF A SUBSIDIARY

On 1 September 2014, Tai Cheng and Tai Heng International Limited (“Tai Heng”) entered into a sale and purchase agreement, pursuant to which Tai Cheng has conditionally agreed to dispose of 100% equity interest in 廣西靈山泰晴玩具有限公司 (Guangxi Lingshan Tai Cheng Toys Co, Ltd*, “Guangxi Tai Cheng”) to Tai Heng at a cash consideration of HK\$27,000,000. Guangxi Tai Cheng is a company established in the PRC and principally engaged in the design and manufacturing of toys in the PRC.

The disposal was subsequently completed on 26 September 2014.

The following table summarises the consideration for the disposal and the net assets disposed of on the disposal date.

	<i>HK\$'000</i>
Assets disposed of and liabilities transferred	
Property, plant and equipment	25,811
Inventories	1,287
Trade receivables	315
Prepayment, deposits and other receivables	1,312
Cash and cash equivalents	603
Trade payables	(2,467)
Other payables, accruals and deposits received	(143)
	<hr/>
Net assets disposed of	26,718
Cumulative exchange differences reclassified from equity to profit or loss on disposal of the subsidiary	21
Gain on disposal of a subsidiary (<i>Note 4</i>)	261
	<hr/>
	27,000
	<hr/> <hr/>
Satisfied by	
Cash	27,000
	<hr/> <hr/>

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

	<i>HK\$'000</i>
Cash consideration received	27,000
Less: Cash and cash equivalents disposed of	(603)
	<hr/>
Net cash inflow on disposal of a subsidiary	26,397
	<hr/> <hr/>

19 COMMITMENTS

(a) Capital commitments

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

	2014 HK\$'000	2013 <i>HK\$'000</i>
Authorised but not contracted for:		
– Construction of property, plant and equipment	27,375	–
Contracted but not provided for:		
– Construction of property, plant and equipment	–	1,053
– Acquisition of subsidiaries (Note 10(a))	34,250	–
	<u>61,625</u>	<u>1,053</u>

Save as disclosed as above, on 16 December 2014, Green Capital and Hong Kong E&R-PRO Company Limited (“E&R PRO”) entered into a memorandum of understanding, which is non-legally binding, in respect of a possible acquisition of a minimum of 51% and a maximum of 100% of equity interest in Hong Kong E&R-PRO Assets Management Limited (“E&R-PRO Assets Management”). E&R-PRO Assets Management is a company incorporated in Hong Kong with limited liability and will be principally engaged in the trading of commodities including oil products, petrochemicals and metals. The consideration and its terms of payment was yet to be determined as at the date of this announcement.

(b) Operating lease commitments

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

	2014 HK\$'000	2013 <i>HK\$'000</i>
Not later than 1 year	9,863	4,600
Later than 1 year but not later than 5 years	46,392	2,018
	<u>56,255</u>	<u>6,618</u>

None of the leases include contingent rentals.

20 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2014 and 2013.

21 SUBSEQUENT EVENTS

- (a) On 29 December 2014, the Company entered into a placing agreement with ASA Securities Limited (the “Placing Agent”) pursuant to which the Placing Agent has conditionally agreed with the Company to place, on a best effort basis, the convertible bonds up to a total principal amount of HK\$114,000,000 convertible into, at HK\$0.45 per share (subject to adjustments), 253,333,333 shares of the Company to the placees who are independent third parties at 100% of the principal amount of the convertible bonds.

The placing agreement was subsequently terminated by the Company and the Placing Agent on 9 February 2015.

On 9 February 2015, the Company entered into another placing agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed with the Company to place, on a best effort basis, the convertible bonds up to a total principal amount of HK\$83,800,000 convertible into, at HK\$0.33 per share (subject to adjustments), 253,939,393 shares of the Company to the placees who are independent third parties at 100% of the principal amount of the convertible bonds.

The convertible bonds are denominated in Hong Kong dollars, unsecured, bear interest at 3% per annum and will be matured on the date falling on the third anniversary of the issue of the convertible bonds. Interest will be payable on the maturity date if these convertible bonds are neither converted nor redeemed prior to the maturity date. These convertible bonds are convertible into shares of the Company at the holder's option before maturity at an initial conversion price of HK\$0.33 per share (subject to adjustments). The proceeds is intended to be used for possible acquisitions and as working capital of the Group.

The placing was subsequently completed on 6 March 2015, where convertible bonds in the aggregate principal amount of HK\$29,000,000 was successfully placed by the Placing Agent to three placees who are third parties independent of the Company and its connected persons. The net proceeds from the placing is approximately HK\$28,100,000 (after deduction of 3% commission payable to the Placing Agent and other direct expenses).

- (b) On 30 January 2015, certain Big Point CB (*Note 14(c)*) in the principal amount of HK\$25,000,000 were converted into 58,139,534 shares of the Company.

22 COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Following the acquisition of a clubhouse business in January 2014 (detailed in Note 17(a) to the consolidated financial statements), the Group was principally engaged in the manufacturing and trading of recreational and educational toys and equipment and operation of clubhouse business during the year.

Total revenue of approximately HK\$160,940,000 was recorded by the Group during the year ended 31 December 2014, as compared to approximately HK\$583,057,000 for the year 2013. Excluding the contribution from clubhouse business in the current year, revenue arising from toys business was approximately HK\$143,735,000. The decrease in revenue was due to the loss of orders from certain famous international brands from the toys business. The Group's gross profit was approximately HK\$13,041,000 in 2014, as compared to approximately HK\$10,664,000 in 2013, representing an increase of approximately HK\$2,377,000; the gross profit margin has increased from 1.8% in 2013 to 8.1% in 2014. This is mainly attributable to the higher gross profit margin from clubhouse business acquired by the Group in January 2014.

During 2014, the macro-economic and operating environment continued to be plagued by the increase in the cost of raw materials and labour and other operating costs in the PRC. Besides, the performance of the Group's toys business, which accounted for most of the Group's revenue and profit margin in the past, was far from satisfactory due to loss of orders from certain famous international brands as mentioned above. Due to the increasingly competitive market, it has become more difficult and costly to solicit orders from the toys business. The Group expects uncertainties to persist in 2015. In light of this, management has taken a close look at the developments of the toys business and clubhouse business, and will take appropriate strategic measures to reshape the segments and markets of and re-allocate resources to the Group's different businesses when necessary.

The loss for the year attributable to equity holders of the Company amounted to approximately HK\$99,147,000 in 2014 whilst it was approximately HK\$48,947,000 in 2013. This was mainly attributable to the decrease in revenue and the operating costs from the Group's clubhouse business in 2014. The clubhouse business is loss-making and the Group is undergoing assessment for rebranding and repositioning of the clubhouse. "Health and Wellness" will be the principal theme of the clubhouse. In view of the continuous economic growth in the PRC and increasing spending power of the residents and visitors of Shenzhen, the Directors are optimistic of the prospects of the clubhouse business in the PRC, in particular in the well-developed cities such as Shenzhen.

Management has also focused on cost control in this difficult operating environment, in order to strive for a higher profit margin and return to the stakeholders. Management is adopting a prudent and conservative approach in order to sustain the Group for the long term development. The Group completed the disposal of a subsidiary from the toys business in September 2014 (detailed in Note 18 to the consolidated financial statements). As the business development of the subsidiary is at an early stage and the subsidiary is loss making, the Directors envisage that if the Group continues to retain its interest in the subsidiary, the Group still needs to inject significant amount of capital to the subsidiary before the subsidiary may generate profit. Therefore, the disposal provides a good opportunity to the Group to realise its investment in the subsidiary so that the Group may utilize its fund for other business development and/or investment opportunities which could be beneficial to the interests of the Group and the shareholders as a whole.

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 measures in chasing the repayments from the customers which include, among other things, (a) liaison with the customers for repayment schedules; (b) close chasing and monitoring of the settlement amounts; and (c) tightening controls over the credit terms granted to customers in respect of new transactions. The Group will closely follow up with the customers in relation to the repayments and the Board considers it is unlikely that the trade receivables will not be recovered as more than HK\$80,000,000 has been recovered from the past due debtors during 2014. The Directors are optimistic to have most of the outstanding balances be collected in the future.

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.

In particular, the Group is actively exploring opportunities to venture into healthcare, beauty and wellness, medical services for elderly, senior tourism, retirement home, hospital, medical equipment and technology and other prospective businesses. On 21 November 2014, the Company, Mr. Chung and Ms. Au entered into a sale and purchase agreement pursuant to which the Company has conditionally agreed to purchase, indirectly, 70% equity interests in Marsa Guer from Mr. Chung and Ms. Au at a maximum aggregate consideration of HK\$217,000,000. Marsa Guer and its subsidiaries are principally engaged in the operation of beauty and wellness shops, medical licensed beauty center and the cooperation with clubhouses for the provision of beauty and wellness related services in Shenzhen, the PRC.

Besides, as at the date of this announcement, the Group has entered into a memorandum of understanding with an intention to acquire new assets/businesses/companies and in preliminary negotiations with several independent third parties regarding other potential acquisitions and investments, details of which are described in the section headed "Significant Acquisition and Disposal of Assets" below.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group held cash and bank balances of approximately HK\$131,205,000 (2013: HK\$80,486,000). Net current assets amounted to approximately HK\$272,246,000 (2013: HK\$89,578,000). Current ratio (defined as total current assets divided by total current liabilities) was approximately 10.42 times (2013: 1.31 times). The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 7.6% (2013: 57.9%). As at 31 December 2014, the carrying amounts and the principal amounts of the outstanding borrowings of the Group amounted to approximately HK\$8,584,000 (2013: HK\$126,760,000) and approximately HK\$62,872,000 (2013: HK\$128,755,000), respectively. The mandatorily convertible Big Point CB with outstanding principal amount of HK\$51,080,000 was included in the principal amounts of the outstanding borrowings of the Group as at 31 December 2014.

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 2014, 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

Save as the disclosure herein, there were no changes in the capital structure of the Company during the year ended 31 December 2014 and up to the date of this announcement.

Share Options

On 11 May 2012, the Company granted 65,800,000 share options under the Share Option Scheme to certain substantial shareholders, Directors and employees of the Group, of which 55,800,000 share options were still outstanding as at 31 December 2014 and the date of this announcement.

On 16 January 2014, 1,000,000 shares options granted under the Share Option Scheme were exercised at an exercise price of HK\$0.37 per share and, accordingly, the Company allotted and issued 1,000,000 shares to the grantee.

Pursuant to the terms and conditions of the Share Option Scheme, the exercise price of the share options were adjusted from HK\$0.37 per share to HK\$0.32 per share with effect from 19 August 2014 (immediately after the completion of the open offer as detailed below).

On 29 August 2014, 7,000,000 shares options granted under the Share Option Scheme were exercised at an exercise price of HK\$0.32 per share and, accordingly, the Company allotted and issued 7,000,000 shares to the grantee.

The proceeds from the exercise of share options have been used as working capital of the Group.

Convertible Bonds

- (a) On 30 January 2014, pursuant to the sale and purchase agreement to the acquisition of Big Point, the Company issued the Big Point CB in an aggregate principal amount of HK\$76,620,000 to China Real Estates as partial satisfaction of the consideration which is convertible into, at HK\$0.50 per share (subject to adjustments), 153,240,000 shares of the Company.

Certain of the Big Point CB in the principal amount of HK\$25,540,000 were converted into 51,080,000 shares of the Company on 18 February 2014.

Pursuant to the terms and conditions of the Big Point CB, the conversion price of the Big Point CB was adjusted from HK\$0.50 per share to HK\$0.43 per share with effect from 19 August 2014 (immediately after the completion of the open offer as detailed below).

Subsequent to the end of the reporting period, certain Big Point CB in the principal amount of HK\$25,000,000 were converted into 58,139,534 shares of the Company on 30 January 2015.

- (b) On 14 January 2014, the Company entered into two separate subscription agreements with two subscribers respectively in relation to the issue of convertible bonds in an aggregate principal amount of HK\$80,000,000. The first subscriber, Shanghai Zhenrong, subscribed for the Shanghai Zhenrong CB in the principal amount of HK\$50,000,000 and the second subscriber, Ms. You, subscribed for the Ms. You CB in the principal amount of HK\$30,000,000. The Shanghai Zhenrong CB and the Ms. You CB were issued respectively to a nominee of Shanghai Zhenrong and Ms. You on 28 March 2014 and 18 March 2014 and are convertible into, at HK\$0.50 per share (subject to adjustments), an aggregate of 160,000,000 shares of the Company. The proceeds is intended to be used for partial repayment of amount due to the controlling shareholder, operations of the clubhouse business acquired on 30 January 2014 and as working capital of the Group.

As at the date of the announcement, the net proceeds of approximately HK\$79,776,000 was actually used as follows: (i) HK\$40,000,000 as partial repayment of loan from controlling shareholder, (ii) approximately HK\$16,150,000 for operation of the clubhouse with the remaining HK\$7,850,000 be used for operation of the clubhouse, and (iii) approximately HK\$15,776,000 have been used as working capital of the Group.

The Ms. You CB in the principal amount of HK\$30,000,000 were converted into 60,000,000 shares of the Company on 18 July 2014.

Pursuant to the terms and conditions of the Shanghai Zhenrong CB, the conversion price of the Shanghai Zhenrong CB was adjusted from HK\$0.50 per share to HK\$0.43 per share with effect from 19 August 2014 (immediately after the completion of the open offer as detailed below).

The Shanghai Zhenrong CB in the principal amount of HK\$50,000,000 were converted into 116,279,069 shares of the Company on 30 December 2014.

- (c) On 13 October 2014, pursuant to the sale and purchase agreement to the acquisition of Tai Cheng, the Company issued the 2nd Tai Cheng CB in an aggregate principal amount of HK\$5,628,138 to Tai Shing as partial satisfaction of the consideration which is convertible into, at HK\$0.43 per share (subject to adjustments), 13,088,693 shares of the Company.
- (d) On 9 February 2015, the Company entered into a placing agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed with the Company to place, on a best effort basis, convertible bonds up to a total principal amount of HK\$83,800,000 convertible into, at HK\$0.33 per share (subject to adjustments), 253,939,393 shares of the Company to the placees who are independent third parties at 100% of the principal amount of the convertible bonds.

The placing was subsequently completed on 6 March 2015, where convertible bonds in the aggregate principal amount of HK\$29,000,000 was successfully placed by the Placing Agent to three placees who are third parties independent of the Company and its connected persons. The convertible bonds are convertible into, at HK\$0.33 per share (subject to adjustments), an aggregate of 87,878,787 shares of the Company.

The net proceeds from the placing is approximately HK\$28,100,000 and is intended to be used for possible acquisitions including but not limited to the possible acquisition of E&R-PRO Assets Management as mentioned in the “Significant Acquisition and Disposal of Assets” section below and as working capital of the Group.

There were outstanding convertible bonds in the aggregate principal amounts of approximately HK\$62,872,000 and HK\$66,872,000 which are convertible into 146,213,434 and 175,952,686 shares of the Company, respectively, as at 31 December 2014 and the date of this announcement.

Open Offer

On 5 June 2014, the Company proposed to raise no less than approximately HK\$171,600,000 and no more than approximately HK\$187,400,000 (representing not less than 381,319,117 offer shares and not more than 416,407,117 offer shares), before expenses, by way of an open offer (the “Open Offer”) on the basis of 3 offer shares for every 10 shares held on the record date at the subscription price of HK\$0.45 per offer share.

The Open Offer was completed on 19 August 2014, and a total of 399,319,117 shares of the Company were allotted and issued to the shareholders of the Company. The net proceeds from the Open Offer is approximately HK\$178,007,000 and is intended to be used for potential acquisitions and investments and as working capital of the Group.

As at the date of the announcement, the net proceeds of approximately HK\$178,007,000 was actually used as follows: (i) HK\$20,000,000 as refundable deposit for the possible acquisition of Rainbow Star (the holding company of Marsa Guer upon completion of a group restructuring) with a further HK\$34,250,000 as potential partial settlement of the consideration of the possible acquisition, (ii) HK\$78,250,000 will be used for other possible investment projects of the Group, including but not limited to the possible acquisition of E&R-PRO Assets Management as mentioned in the “Significant Acquisition and Disposal of Assets” section below, and (iii) approximately HK\$45,507,000 have been used as working capital of the Group.

CHARGES ON ASSETS

As at 31 December 2014, none of the Group’s assets was pledged to secure any facilities and borrowings granted to the Group.

SIGNIFICANT ACQUISITION AND DISPOSAL OF ASSETS

Save for the Group’s acquisitions and disposal of subsidiaries (detailed in Notes 17 and 18 to the consolidated financial statements), and the possible acquisition of Marsa Guer (detailed in Notes 10(a) to the consolidated financial statements), there were no significant acquisition and disposal of assets during the year ended 31 December 2014 and up to the date of this announcement. The Group has also the following memorandum of understanding subsisted as at 31 December 2014 and the date of this announcement.

On 16 December 2014, Green Capital and E&R-PRO entered into a memorandum of understanding, which is non-legally binding, in respect of a possible acquisition of a minimum of 51% and a maximum of 100% of equity interest in E&R-PRO Assets Management. E&R-PRO Assets Management is a company incorporated in Hong Kong with limited liability and will be principally engaged in the trading of commodities including oil products, petrochemicals and metals. The entire issued share capital of E&R-PRO Assets Management is wholly owned by E&R-PRO, which is wholly owned by Shanghai Zhenrong. The consideration of the possible acquisition is to be determined with reference to (i) the profit guarantee of E&R-PRO Assets Management for the first 3 financial years following completion of the possible acquisition as given by E&R-PRO; (ii) the business prospect of E&R-PRO Assets Management; and/or (iii) valuation of E&R-PRO Assets Management by an independent valuer.

The above memorandum of understanding shall be valid for 1 year from the date of its execution, within which parties to the memorandum 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 memorandum of understanding. As at the date of this announcement, management is still assessing the feasibility studies of the above project, 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 2014 were detailed in Note 19 to the consolidated financial statements.

The Group had no material contingent liabilities as at 31 December 2014.

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 2014, the Group employed approximately 300 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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. The Company has been in compliance with all code provisions set out in the CG Code for the year ended 31 December 2014.

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 2014 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 2014 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 2015.

SCOPE OF WORK OF MCMILLAN WOODS SG CPA LIMITED

The figures in respect of the Company's annual results announcement for the year ended 31 December 2014 have been agreed by the Company's external auditors, McMillan Woods SG CPA Limited, to the amounts set out in the Company's consolidated financial statements for the year. The work performed by McMillan Woods SG 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 McMillan Woods SG CPA Limited on the annual results announcement.

* *for identification purposes only*

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

Hong Kong, 30 March 2015

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.