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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)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board of directors (the "**Board**") of Green International Holdings Limited (the "**Company**") announces the unaudited consolidated annual results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2019, together with the comparative figures for the corresponding year in 2018, as follows. For the reasons explained in the Paragraph headed "Review of Unaudited Annual Results" in this announcement, the auditing process for the unaudited annual results of the Group for the year ended 31 December 2019 has not be completed.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2019

	Notes	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
Revenue	4	**78,659**	82,092
Direct costs and operating expenses		**(31,202)**	(27,958)
Gross profit		**47,457**	54,134
Other (expenses)/income and loss, net	5	**(6,878)**	9,536
Selling expenses		**(32,396)**	(38,775)
Administrative expenses		**(64,279)**	(80,514)
Gain on disposal of subsidiaries		**1,104**	240
Loss on disposal of financial assets at fair value through profit or loss		**(11,289)**	–
Fair value changes of derivative financial instruments			
— Financial assets at fair value through profit or loss		**–**	1,328
— Financial liabilities at fair value through profit or loss		**2,913**	35,651
— Derivative financial assets		**2,802**	(28,747)
Impairment loss of goodwill		**(25,692)**	(17,812)
Impairment loss of trademark user right and technical know-how		**(60,143)**	–
Finance costs, net	6	**(11,225)**	(13,534)
Loss before income tax	7	**(157,626)**	(78,493)
Income tax credit	8	**5,629**	339
Loss for the year		**(151,997)**	(78,154)
Loss for the year attributable to:			
— Equity holders of the Company		**(147,992)**	(79,454)
— Non-controlling interests		**(4,005)**	1,300
		(151,997)	(78,154)
Loss per share for loss for the year attributable to the equity holders of the Company			
— Basic and diluted (HK cents)	9	**(11.02)**	(13.78)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loss for the year	**(151,997)**	(78,154)
Other comprehensive (expense)/income, net of tax		
— Exchange differences arising during the year	**(3,586)**	431
Total comprehensive expenses for the year	**(155,583)**	(77,723)
Total comprehensive expenses for the year attributable to:		
— Equity holders of the Company	**(151,314)**	(78,288)
— Non-controlling interests	**(4,269)**	565
	(155,583)	(77,723)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Notes	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**32,256**	80,662
Right-of-use assets		**56,744**	–
Goodwill		**10,728**	36,420
Trademark user right and technical know-how		**34,744**	94,887
		134,472	211,969
Current assets			
Inventories		**8,476**	9,240
Trade receivables	*11*	**6,932**	4,341
Prepayments, deposits and other receivables		**16,793**	22,360
Financial assets at fair value through profit loss		**–**	15,000
Derivative financial assets		**3,505**	703
Tax recoverable		**–**	707
Bank balances – trust and segregated accounts		**175**	11,826
Bank balances (general accounts) and cash		**135,028**	52,911
		170,909	117,088
Total assets		**305,381**	329,057
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	*13*	**58,931**	28,742
Reserves		**31,976**	57,479
		90,907	86,221
Non-controlling interests		**7,769**	12,038
Total equity		**98,676**	98,259

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Notes	**2019** **HK$'000** **(Unaudited)**	2018 *HK$'000* (Audited)
LIABILITIES			
Non-current liabilities			
Convertible bonds		**–**	56,807
Bonds payables		**10,997**	9,733
Lease liabilities/Obligation under finance lease		**45,470**	34,316
Deferred tax liabilities		**3,592**	9,989
		60,059	110,845
Current liabilities			
Trade payables	*12*	**7,453**	18,209
Contract liabilities		**5,514**	11,117
Other payables, accruals and deposits received		**60,845**	39,752
Convertible bonds		**59,107**	14,379
Financial liabilities at fair value through profit or loss		**–**	2,913
Loan from a related company		**–**	30,753
Lease liabilities/Obligation under finance lease		**13,649**	2,465
Tax payable		**78**	365
		146,646	119,953
Total liabilities		**206,705**	230,798
Total equity and liabilities		**305,381**	329,057
Net current assets/(liabilities)		**24,263**	(2,865)
Total assets less current liabilities		**158,735**	209,104

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was a public limited company incorporated in the Cayman Islands on 8 March 2006 as an exempted company with limited liability. Its registered office is situated at 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 was principally engaged in provision of (i) health, medical and related services, (ii) beauty and wellness services, and (iii) integrated financial services comprising money-lending, securities brokerage, advising on securities and asset management during the year under review.

These consolidated financial statements are presented in Group's functional currency, Hong Kong dollars ("**HK$**"), which is also the Company's functional currency, and all values are rounded to the nearest thousand ("**HK$'000**"), except when otherwise indicated.

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 Statement of compliance

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 ("**HKICPA**") 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 (Cap. 622) relating to the preparation of consolidated financial statements.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2.2 Application of New and Amendments to Hong Kong Financial Reporting Standards

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the directors of the Company (the "**Directors**") anticipate that the application of all other new and amendments to HKFRSs had no material impact on the Group's financial positions and performance for the current year and prior years and/or the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

Transition and summary of effects arising from initial application of HKFRS 16

On 1 January 2019, the Group has applied HKFRS 16. HKFRS 16 superseded HKAS 17, and the related interpretations. The Group applied the HKFRS 16 in accordance with the transition provisions of HKFRS 16.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessor

During the year ended 31 December 2019, application of HKFRS 16 by the Group as a lessor has no material impact on the Group's consolidated financial statements.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

ii. applied a single discount rate to a portfolio of leases with a similar remaining term for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties was determined on a portfolio basis;

iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;

iv. elected not to recognise night-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

v. relied on assessment of whether lease are onerous by applying HKAS 37 Provision, Contingent Liabilities and Contingent Assets as an alternative of impairment review.

On transition, the Group has made the following adjustments upon application of HKFRS16:

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rates applied by relevant group entities ranged from 1.59% to 5.92%.

	At 1 January 2019 *HK$'000* (Unaudited)
Operating lease commitments disclosed as at 31 December 2018	46,205
Less: Effect from discounting at the incremental borrowing rate as at 1 January 2019	(4,098)
	42,107
Less: Recognition exemption – short term or low value leases	(2,090)
Add: Obligation finance lease recognised as at 31 December 2018	36,781
Lease liabilities as at 1 January 2019	76,798
Analysed as:	
Current	20,688
Non-current	56,110
	76,798

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Right-of-use assets
	HK$'000
	(Unaudited)
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	40,017
Add: Amount included in property, plant and equipment under HKAS 17	
— Assets previously under finance leases	35,662
	75,679
By class	
Leasehold properties	40,017
Plant and machinery	35,662
	75,679

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	At 31 December 2018	**Reclassification**	**Recognition of leases**	**At 1 January 2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Property, plant and equipment	80,662	(35,662)	–	45,000
Right-of-use assets	–	35,662	40,017	75,679
Current liabilities				
Lease liabilities	–	2,465	18,223	20,688
Obligation under finance lease	2,465	(2,465)	–	–
Non-current liabilities				
Lease liabilities	–	34,316	21,794	56,110
Obligation under finance lease	34,316	(34,316)	–	–

2.3 New and amendments to HKFRS in issued but not yet effective

HKFRS 17	Insurance Contract[2]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after a date to be determined
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
4 Effective for annual periods beginning on or after 1 January 2020

3. REVENUE AND SEGMENT INFORMATION

The Group primarily operates in Hong Kong and the People's Republic of China (the "**PRC**"). 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 units represents 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 units. The Group's business units are as follows:

(a) the health and medical segment engages in the operation of health, medical and related businesses of its clubhouse, hemodialysis center and hospital;

(b) the beauty and wellness segment engages in the provision of beauty and wellness services; and

(c) the financial segment engages in money lending, securities brokerage, advising on securities and asset management businesses.

Operating segments are identified for financial reporting purposes 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.

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

Segment results are presented as operating profit or loss.

Revenue of the Group by operating, together with analyses of the segment revenue by geographical regions, is as follows:

	Health and medical business	**Beauty and wellness business**	**Financial business**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
For the year ended 31 December 2019				
Hong Kong				
— At a point in time	**–**	**–**	**42**	**42**
The PRC				
— At a point in time	**43,863**	**34,754**	**–**	**78,617**
	43,863	**34,754**	**42**	**78,659**

	Health and medical business	Beauty and wellness business	Financial business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	(Audited)
For the year ended 31 December 2018				
Hong Kong				
— At a point in time	–	–	173	173
The PRC				
— At a point in time	37,061	44,858	–	81,919
	37,061	44,858	173	82,092

Geographical analysis of revenue is allocated based on the geographical locations in which customers are located and the geographical locations of operations for health and medical business, beauty and wellness business, and financial business segments, respectively. There was no revenue from any single customer contributing over 10% of total revenue of the Group for the years ended 31 December 2019 and 2018.

Results by operating segments are as follows:

	2019 *HK$'000* (Unaudited)	2018 *HK$'000* (Audited)
Health and medical business	**(49,978)**	(37,629)
Beauty and wellness business	**(66,746)**	9,251
Financial business	**(4,265)**	(3,376)
Total net operating loss by operating segments	**(120,989)**	(31,754)
Unallocated corporate expenses, net	**(20,226)**	(41,224)
Gain on disposal of subsidiaries	**1,104**	240
Loss on disposal of financial assets at fair value through profit or loss	**(11,289)**	–
Fair value changes of derivative financial instrument:		
— Financial assets at fair value through profit or loss	**–**	1,328
— Financial liabilities at fair value through profit or loss	**2,913**	35,651
— Derivative financial assets	**2,802**	(28,747)
Net reversal of expected credit loss on other receivables	**(672)**	(453)
Loss on disposal of property, plant and equipment	**(44)**	–
Finance costs, net	**(11,225)**	(13,534)
Loss before income tax	**(157,626)**	(78,493)
Income tax credit	**5,629**	339
Loss for the year	**(151,997)**	(78,154)

Notes:

(i) For the year ended 31 December 2019, impairment loss of goodwill of approximately HK$25,692,000 (2018: HK$17,812,000) was included within the health and medical business segment.

(ii) For the year ended 31 December 2019, impairment loss of trademark user right and technical know-how of approximately HK$60,143,000 (2018: HK$Nil) and loss on disposal of property, plant and equipment of approximately HK$8,385,000 (2018: HK$Nil) were included within the beauty and wellness business segment.

Other segment information

Amounts included in the measure of segment results:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Depreciation and amortization		
— Heath and medical business	**6,324**	4,808
— Beauty and wellness business	**22,532**	5,627
— Financial business	**104**	240
	28,960	10,675
— Unallocated	**162**	1,017
	29,122	11,692
Net reversal of expected credit loss on other receivables		
— Heath and medical business	**672**	453

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

	Health and medical business	**Beauty and wellness business**	**Financial business**	**Unallocated corporate assets**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
As at 31 December 2019					
Hong Kong	**–**	**–**	**7,805**	**122,159**	**129,964**
The PRC	**94,150**	**73,994**	**–**	**7,273**	**175,417**
Segment total assets	**94,150**	**73,994**	**7,805**	**129,432**	**305,381**

	Health and medical business	Beauty and wellness business	Financial business	Unallocated corporate assets	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
As at 31 December 2018					
Hong Kong	–	–	18,057	30,779	48,836
The PRC	135,019	140,261	–	4,941	280,221
Segment total assets	135,019	140,261	18,057	35,720	329,057

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

	Health and medical business *HK$'000* **(Unaudited)**	**Beauty and wellness business** *HK$'000* **(Unaudited)**	**Financial business** *HK$'000* **(Unaudited)**	**Unallocated corporate assets** *HK$'000* **(Unaudited)**	**Consolidated** *HK$'000* **(Unaudited)**
As at 31 December 2019					
Hong Kong	**–**	**–**	**790**	**1,657**	**2,447**
The PRC	**68,655**	**63,370**	**–**	**–**	**132,025**
Segment total non-current assets (excluding financial instruments)	**68,655**	**63,370**	**790**	**1,657**	**134,472**

	Health and medical business *HK$'000* (Audited)	Beauty and wellness business *HK$'000* (Audited)	Financial business *HK$'000* (Audited)	Unallocated corporate assets *HK$'000* (Audited)	Consolidated *HK$'000* (Audited)
As at 31 December 2018					
Hong Kong	–	–	69	1,123	1,192
The PRC	82,476	127,682	–	619	210,777
Segment total non-current assets (excluding financial instruments)	82,476	127,682	69	1,742	211,969

4. REVENUE

The Group's revenue represents by health and medical business, beauty and wellness business and financial business.

An analysis of revenue by types of goods as follows:

	2019 *HK$'000* **(Unaudited)**	2018 *HK$'000* (Audited)
Health and medical business	**43,863**	37,061
Beauty and wellness business	**34,754**	44,858
Financial business	**42**	173
Total revenue recognized at a point in time	**78,659**	82,092

All of the Group's revenue from contracts with customers are generated in the Hong Kong and PRC based on where goods are sold. All revenue contracts are for period of one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contacts is not disclosed.

5. OTHER (EXPENSES)/INCOME AND LOSS, NET

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Recovery of loan receivable	**–**	3,300
Donation received	**–**	3,820
Sundry income	**1,551**	2,361
(Loss)/gain on disposal of property, plant and equipment	**(8,429)**	55
	(6,878)	9,536

6. FINANCE COSTS, NET

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Interest income:		
— Bank deposits	**131**	58
Interest expenses:		
— Convertible bonds	**(6,356)**	(7,859)
— Bonds payable	**(1,764)**	(1,793)
— Other borrowings	**(519)**	(2,202)
— Lease liabilities/Obligation under finance lease	**(2,717)**	(1,738)
	(11,225)	(13,534)

7. LOSS BEFORE INCOME TAX

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Auditors' remuneration	**1,350**	1,500
Depreciation of property, plant and equipment	**7,468**	11,692
Depreciation of right-of-use assets	**21,654**	–
Merchandise purchased and changes in inventories	**20,842**	15,702
Employee benefit expenses	**40,157**	46,967
Lease rental expenses	**–**	19,227
Expenses relating to short-term leases	**2,131**	–
Net reversal of expected credit loss on other receivables	**672**	453

8. INCOME TAX CREDIT

Hong Kong profits tax and the PRC enterprise income tax have been provided at the rate of 16.5% and 25% respectively (2018: 16.5% and 25% respectively), on the estimated assessable profits for the year, based on existing legislation, interpretations and practices in respect thereof.

The amounts of income tax credited to the consolidated statement of profit or loss are as follows:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current taxation		
PRC enterprise income tax		
— Current year	**768**	192
Deferred taxation	**(6,397)**	(531)
	(5,629)	(339)

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong for both years.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loss		
Loss for the purpose of basic and diluted loss per share	**(147,992)**	(79,454)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue	**1,343,000**	576,539
Loss per share		
Basic loss per share *(HK cents)*	**(11.02)**	(13.78)

Note: The weighted average number of ordinary shares for the year ended 31 December 2019 and 2018 has been adjusted for four-to-one share consolidation of the Company which became effective on 4 March 2019.

Diluted

For the year ended 31 December 2019 and 2018, the effect of the Company's share option and convertible bonds was anti-dilutive and was therefore not include in the calculation of the diluted loss per share.

10. DIVIDENDS

No dividend in respect of the year ended 31 December 2019 (2018: Nil) is to be proposed at the forthcoming annual general meeting.

11. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables arising from the ordinary course of business of dealing in securities transactions:		
— Cash clients	**–**	75
— Clearing house	**–**	–
	–	75
Trade receivables from other than ordinary course of business, except for business of dealing in securities transactions	**58,911**	56,245
Less: Provision for discount on past due balances	**(51,979)**	(51,979)
	6,932	4,266
Total	**6,932**	4,341

Trade receivables arising from the business of dealing in securities

The Group seeks to maintain tight control over its outstanding trade receivables and has procedures and policies to assess its clients' credit quality and defines credit limits for each client. All client acceptances and credit limit are approved by designated approvers according to the clients' credit worthiness.

The normal settlement terms of trade receivables from clients and clearing house arising from the ordinary course of business of securities brokerage services are two trading days after the trade date.

Trade receivables due from cash clients are secured by clients' securities, which are publicly traded equity securities listed in Hong Kong. The fair value of the securities as at 31 December 2019 were HK$Nil (2018: approximately HK$75,000). All trade receivables from cash clients are neither past due nor impaired as at 31 December 2019 and 2018 and the Directors are of the opinion that the amount are recoverable. Cash client receivables which were past due but not impaired bear interest at interest rates by reference to Hong Kong prime rate plus certain basis points based on management's discretion.

In addition, the Group has a policy for determining the allowance for impairment of trade receivables without sufficient collateral based on the evaluation of collectability and aging analysis of accounts and on management's judgement including the creditworthiness, collateral and the past collection history of each client.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date the credit was initially granted up to the reporting date and the fair values of the collateral held.

Trade receivables arising from businesses other than dealing in securities

The Group's trade receivables are generally with credit periods of 90 days. 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 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 ageing analysis of gross carrying amount of trade receivables, based on invoice dates, as at 31 December 2019 and 2018 were as follows:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**4,399**	3,410
31–60 days	**837**	572
61–90 days	**389**	182
91–180 days	**866**	54
Over 180 days	**52,420**	52,027
	58,911	56,245

Management assessed the credit quality of those trade receivables of approximately HK$5,625,000 (31 December 2018: HK$4,164,000) that are neither past due nor impaired by reference to the repayment history and current financial position of those 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 those balances are expected to be fully recoverable.

12. TRADE PAYABLES

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables arising from the ordinary course of business of dealing in securities transactions:		
— Cash clients	**173**	11,900
— Clearing house	**1**	1
Trade payables from purchase of goods other than ordinary course of business, except for business of dealing in securities transactions	**7,279**	6,308
	7,453	18,209

Trade payables arising from the business of dealing in securities

The trade payables balances arising from the ordinary course of business of securities brokerage services are normally settled in two trading days after the trade data except for the money held on behalf of clients at the segregated bank accounts which are repayable on demand. No ageing analysis is disclosed as, in the opinion of Directors, an ageing analysis does not give additional value in view of the nature of this business.

Trade payables arising from other businesses

The ageing analysis of trade payables, based on invoice dates, as at 31 December 2019 and 2018 are as follows:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**2,481**	2,737
31–60 days	**1,316**	1,064
61–90 days	**331**	57
91–180 days	**183**	72
Over 180 days	**2,968**	2,378
	7,279	6,308

13. SHARE CAPITAL

Details on the movements of the share capital for the years ended 31 December 2019 and 2018 are set out as follows:

Authorised capital:

	Number of Shares	Nominal value *HK$'000*
As at 1 January 2018	4,000,000,000	40,000
Increased during the year *(Note (i))*	16,000,000,000	160,000
As at 31 December 2018	**20,000,000,000**	**200,000**
Share consolidation *(Note (iii))*	**(15,000,000,000)**	**–**
As at 31 December 2019 (Unaudited)	**5,000,000,000**	**200,000**

Issued and fully paid:

	Number of Shares	Nominal value *HK$'000*
As at 1 January 2018	1,972,452,606	19,725
Shares issued during the year *(Note (ii))*	901,744,050	9,017
As at 31 December 2018	**2,874,196,656**	**28,742**
Share consolidation *(Note (iii))*	**(2,155,647,492)**	**–**
Shares issued during the year *(Note (iv))*	**754,716,981**	**30,189**
As at 31 December 2019 (Unaudited)	**1,473,266,145**	**58,931**

Notes:

(i) On 19 March 2018, the authorized share capital of the Company was increased from HK$40,000,000 divided into 4,000,000,000 pre-consolidation shares to HK$200,000,000 divided into 20,000,000,000 pre-consolidation shares.

(ii) The 901,744,050 pre-consolidation shares newly issued during the year ended 31 December 2018 comprises: (a) 125,000,000 pre-consolidation shares issued on the conversion of Zheyin Tianqin 2017 CB on 5 March 2018; (b) 160,000,000 pre-consolidation shares issued on the conversion of Investor CB on 5 March 2018; (c) 72,619,050 pre-consolidation shares issued on the conversion of the Marsa CBs on 17 May 2018; (d) 78,125,000 pre-consolidation shares issued on the conversion of 1st Ample Reach CB on 10 September 2018; and (e) 466,000,000 pre-consolidation shares issued to two subscribers at the subscription price of HK$0.053 per pre-consolidation shares on 5 December 2018.

(iii) The share consolidation became effective on 4 March 2019, on the basis of every four issued and unissued ordinary shares of par value HK$0.01 each in the share capital of the Company being consolidated into one consolidated share of par value HK$0.04 each.

(iv) On 3 April 2019, the Company has allotted and issued 754,716,981 consolidated shares to Jumbo Faith at the price of HK$0.212 per consolidated share for a total amount of HK$160,000,000. The net proceeds (after deducting costs and expenses incidental to the issue of consolidated shares) raised from the issue of consolidated shares amount to approximately HK$156,000,000, which is intended to be used by the Company for the repayment on debts and liabilities, cash redemption of CB, replenishing the capital requirements of the financial services companies of the Group and for the Group's general corporate expense. Details of which were disclosed in the Company's announcement dated 3 April 2019.

MANAGEMENT DISCUSSIONS AND ANALYSIS

OVERVIEW

During the year ended 31 December 2019 (the "**Year**") under review, the Group is be principally engaged in provision of (i) health, medical and related services, (ii) beauty and wellness services, and (iii) integrated financial services comprising money-lending, securities brokerage, advising on securities and asset management.

BUSINESS REVIEW

The revenue of the health, medical and related services segment (the "**Health and Medical Business**") includes revenue from the hospital business (the "**Hospital Business**") and club house business (the "**Club House Business**"). The Group operates its Hospital Business in Hunnan Province, China through Li County Phoenix Hospital Company Limited ("**Phoenix Opco**") and Yiyang Zizhong Kidney Disease Hospital Company Limited ("**Zizhong Opco**") having the medical organisation operating license granted by the local bureau of the National Health Commission to carry out, amongst other permitted medical treatments, hemodialysis treatment. The management of the Group keeps exploring business opportunities and strategies to expand the Hospital Business in other provinces in China. The Club House Business represents a club house business operated in Shenzhen, China providing health and related services.

The Group operates its beauty and wellness business (the "**Beauty Business**") through the Marsa group. Marsa group provides beauty products and wellness services under brand name of "瑪莎" through beauty centers and shops in Shenzhen, China, with gross floor areas ranging from approximately 248 sq.m. to 871 sq.m. per shop/center. As at 31 December 2019, there are in total 94 staff employed by Marsa group, selling beauty and cosmetics products and providing beauty and wellness services to customers.

By leveraging its past experiences, expertise and professional beautician teams, Marsa group has successfully developed a network of beauty and wellness services centers and shops in China with advanced beauty and cosmetics equipments and modern decorations, aiming to provide a relaxing and comfortable environment to customers. Other related businesses include the development and research and sale of skin care and beauty products, beauty equipments and accessories and healthcare and nutritional supplements such as herbal teas. To strengthen its business, Marsa group also expands its business through the cooperation with business partners on a profit-sharing basis.

For the segment of integrated financial services (the "**Financial Business**"), the Group continued to explore business opportunities and strategies to develop its integrated financial services through Green Securities Limited, a licensed corporation licensed to carry out type-1 (dealing in securities) and type-4 (advising on securities) regulated activities in Hong Kong and Green Asset Management Limited, a licensed corporation licensed to carry out type-9 (asset management) regulated activities in Hong Kong.

The following events, which have significant impact to the financial position and the business operations of the Group, occurred during the Year:

(i) At the extraordinary general meeting of the Company held on 17 January 2019, the non-exercise of the Sell-back Right of Marsa was approved by the independent shareholders of the Company. Details of the non-exercise of the Sell-back Right of Marsa are set out in the Company's circular dated 28 December 2018.

(ii) On 22 January 2019, the Company proposed to consolidate four Pre-consolidation Share of par value of HK$0.01 each into one ordinary share of par value of HK$0.04 each (each a "**Consolidated Share**"). The four-to-one share consolidation (the "**Share Consolidation**") was approved by shareholders at the extraordinary general meeting of the Company held on 1 March 2019 and took effect on 4 March 2019.

(iii) On 25 January 2019 (after trading hours), the Company and Jumbo Faith International Limited ("**Jumbo Faith**") entered into the subscription agreement, pursuant to which Jumbo Faith conditionally agreed to subscribe, and the Company conditionally agreed to allot and issue, 754,716,981 Consolidated Shares (the "**Subscription Consolidated Shares**") of par value of HK$0.04 each in the share capital of the Company at the subscription price of HK$0.212 per Subscription Consolidated Share after the four-to-one Share Consolidation. At the extraordinary general meeting of the Company held on 18 March 2019, the issuance of 754,716,981 Subscription Consolidated Shares was approved by the independent shareholders of the Company. The Subscription Consolidated Shares was completed on 3 April 2019 and the net proceeds raised therefrom was approximately HK$156,000,000.

(iv) As disclosed in the Company's announcement dated 29 March 2019, the Company determined that the Second PG of the Charm Eastern Acquisition failed in its entirety and the entire 2nd Ample Reach CB in the principal amount of HK$13,671,875 was cancelled. As a result of the non-fulfillment of the Second PG, the Company is entitled to sell the 19,531,250 Escrowed Shares allotted for the 1st Ample Reach CB and to retain the entire sale proceeds of the Escrowed Shares as liquidated damages. Details of the Charm Eastern Acquisition are set out in the Company's announcement dated 28 November 2017.

(v) At the annual general meeting of the Company held on 26 June 2019, a new share option scheme was approved by the shareholders of the Company.

(vi) As disclosed in the Company's announcement dated 29 August 2019, the Company determined that the Third PG of the Charm Eastern Acquisition failed in its entirety and the entire 3rd Ample Reach CB in the principal amount of HK$13,671,875 shall be cancelled.

(vii) On 20 September 2019 (after trading hours), the Company entered into a share disposal agreement to dispose of the 19,531,250 Escrowed Shares to the purchaser at the disposal price of HK$0.19 per share. The net proceeds from the share disposal of approximately HK$3,600,000 shall be retained by the Company as liquidated damages pursuant to the terms of the deed of undertaking, because the Second PG of the Charm Eastern Acquisition is not satisfied in full. The disposal was completed on 3 October 2019.

(viii) As disclosed in the Company's announcement dated 20 December 2019, the Group disposed of the entire issued share capital of Harmonic Felicity Limited (the holding company of Green Capital (Hong Kong) Limited ("**Green Capital**") and Sino Front Limited ("**Sino Front**"), wholly-owned subsidiaries of the Group, which were engaged in money lending business and the holding of the portfolio of distressed debts) (the "**Disposal Group**") for a cash consideration of HK$2,200,000 together with a proportional entitlement to share any cash proceeds derived from any successful enforcement of winning judgment(s) of any of the recovery actions on the distressed debts. The Group recognised a net gain on disposal in the amount of approximately HK$1,104,000 on completion of the disposal.

The following subsequent events occurred between the end of the Year and the date thereof:

(i) On 25 February 2020, the Company received a notice of redemption from Crown Hang International Investment Limited informing the Company of its election not to exercise the conversion right attaching to the two-year 6% per annum convertible bonds in the principal amount of HK$60,000,000 (the "**Zheyin Tianqin 2018 CB**") issued by the Company on 19 April 2018 and maturing on 20 April 2020, and requested the Company to redeem the Zheyin Tianqin 2018 CB in cash.

(ii) On 23 March 2020, the Company allotted and issued 176,470,588 shares on the automatic conversion of the two-year 3% per annum convertible bonds in the principal amount of HK$120,000,000 (the "**HK Yinger CB**") at its maturity date on 23 March 2020. The conversion price of the HK Yinger CB is HK$0.68 per share (as adjusted by the four-to-one share consolidation of the Company which took place on 4 March 2019).

FINANCIAL REVIEW

Revenue

The Group reported revenue in the amount of approximately HK$78,659,000 (2018: HK82,092,000) during the Year, representing a decrease of approximately 4.18%. Details of the revenue for the Year are set out in Note 4 to the unaudited consolidated financial statements.

Health, Medical and Related Business

The revenue and operating loss of the Health and Medical Business for the Year were approximately HK$43,863,000 (2018: HK$37,061,000) and HK$49,978,000 (2018: HK$37,629,000), respectively. The operating loss of the Health and Medical Business were mainly attributable to the impairment loss of goodwill for the Hospital Business of approximately HK$25,692,000 (2018: HK$17,812,000) and operating loss from the Club House Business was approximately HK$19,306,000 (2018: HK$17,314,000).

Beauty and Wellness Business

The revenue and operating loss of the Beauty Business for the Year were approximately HK$34,754,000 (2018: HK$44,858,000) and HK$66,746,000 (2018: operating profits of HK$9,251,000), respectively. The operating loss of the Beauty Business was mainly attributable to the impairment loss of trademark user right and technical know-how in the amount of approximately HK$60,143,000 (2018: HK$Nil) and loss on fixed assets written off as a result of closure of shops in the amount of approximately HK$8,385,000 (2018: HK$Nil). The Group recorded a decrease in revenue in the amount of approximately HK$10,104,000 from the Beauty Business, representing a decrease of approximately 23% compared to the figure for the year ended 31 December 2018. The decrease in revenue was mainly attributable to (i) weakening of consumer sentiment in Shenzhen in 2019; (ii) the closure of one beauty center in Shenzhen in April 2019 due to urban redevelopment order issued by the Shenzhen government; and (iii) the slowing down of the pace of shop opening due to weakened consumer sentiment.

Integrated Financial Business

The revenue and operating loss of the Financial Business for the Year was approximately HK$42,000 (2018: HK$173,000) and HK$4,265,000 (2018: HK$3,376,000), respectively.

The Group's integrated financial business comprises the money lending business (the "**Money Lending Business**") which was operated by Green Capital, a wholly-owned subsidiary of the Company and a licensed money lender in Hong Kong, and the securities brokerage and asset management business operated by other subsidiaries of the Company. Since 2017, the Money Lending Business did not generate any revenue to the Group and continued to suffer loss due to the lack of expertise in developing this part of the business. During the past two years, Green Capital has stopped granting new loans and focused on debt-recovery actions through litigations (the "**Recovery Actions**") to pursue after the Group's debtors for the outstanding loans, promissory notes and receivables which were owed to the Group prior to 2017, which were impaired in the financial statements of the Group in or prior to the year ended 31 December 2017 but remained outstanding despite the Recovery Actions (the "**Distressed Debts**"). Due to the lack of expertise in developing the Money Lending Business and the significant legal costs of the Recovery Actions, in December 2019, the Group disposed of the Disposal Group for a cash consideration of HK$2,200,000 together with a proportional entitlement to share any cash proceeds derived from any successful enforcement of winning judgment(s) of any of the recovery actions on the distressed debts. The Group recognised a net gain on disposal in the amount of approximately HK$1,104,000 on completion of the disposal.

Administrative Expenses

The Group reported administrative expenses of approximately HK$64,279,000 for the Year (2018: HK$80,514,000), representing a decrease of approximately 20.16%. The decrease in the administrative expenses was due to the implementation of cost control measures during the Year.

Finance Costs

The Group reported finance costs, net of approximately HK$11,225,000 for the Year (2018: HK$13,534,000). Details of the finance costs, net for the Year are set out in Note 6 to the unaudited consolidated financial statements.

Impairment testing on goodwill

On completion of the acquisition of the Hospital Business, Ample Reach CBs in the face value of HK$41,015,625 were issued to Ample Reach in satisfaction of the consideration payable on completion and were recognised at fair value on issue at approximately HK$31,422,000 and goodwill in the amount of approximately HK$54,232,000 was recognised in the unaudited consolidated statement of financial position.

The management performed an impairment assessment on the goodwill at the end of the reporting period. Based on the valuation which was based on (a) the five years cash flow projections which are discounted using the discount rate of 11.32%; (b) a terminal value calculated using a discount rate of 3%; and (c) the latest operation figures and business plans provided by the management of Phoenix Opco and Zizhong Opco, the carrying amount of the goodwill as at 31 December 2019 was assessed at approximately HK$10,728,000 (2018: 36,420,000), resulting in an impairment loss of goodwill of approximately HK$25,692,000 (2018: HK$17,812,000) being recognised in the unaudited consolidated statement of profit or loss for the Year.

The Board considers that the effect of the impairment loss of goodwill for the years ended 31 December 2019 and 2018 are substantially offset by the forfeiture of the Escrowed Shares and the cancellation of the entire 2nd Ample Reach CB and 3rd Ample Reach CB.

Non-fulfillment of profit guarantee

During the Year, the Company determined that the Second PG and the Third PG failed in its entirety and the entire 2nd Ample Reach CB and 3rd Ample Reach CB in the principal amount of HK$13,671,875 each was cancelled. As a result of the non-fulfillment of the Second PG, the Company is entitled to sell the 19,531,250 Escrowed Shares allotted for the 1st Ample Reach CB and to retain the entire sale proceeds in the amount of approximately HK$3,710,000 of the Escrowed Shares as liquidated damages.

Impairment testing on trademark user right and technical know-how

The management performed an impairment assessment on the trademark user right and technical know-how in respect of Marsa Group at the end of the reporting period. Based on the valuation which was based on (a) the five years cash flow projections which are discounted using the discount rate of 13.41%; (b) a terminal value calculated using a discount rate of 3% and (c) the latest operation figures and business plans provided by the management of Marsa Group, the carrying amount of the trademark user right and technical know-how as at 31 December 2019 was assessed at approximately HK$34,744,000 (2018: HK$94,887,000), resulting in an impairment loss of the trademark user right and technical know-how of approximately HK$60,143,000 (2018: HK$Nil) being recognised in the unaudited consolidated statement of profit or loss for the Year.

The management of the Company considers that the Beauty Business faced weakened customer sentiment in Shenzhen throughout the Year especially since the third quarter of 2019 and such trend will remain in the future for a period of time until the finish of the COVID-19 coronavirus outbreak.

Fair value changes of financial liabilities at fair value through profit or loss

The management performed fair value assessment on the convertible bonds at fair value through profit or loss at the end of the reporting period. As the Ample Reach CBs were either fully converted or cancelled during the Year, the fair value of the convertible bonds at fair value through profit or loss as at 31 December 2019 was assessed at HK$Nil (2018: HK$2,913,000), resulting in fair value changes of convertible bonds at fair value through profit or loss of approximately HK$2,913,000 (2018: HK$28,509,000) being credited to the unaudited consolidated statement of profit or loss for the Year. As the Marsa CBs were either fully converted or cancelled during the financial year of 2018, no fair value changes of convertible bonds at fair value through profit of loss was recognized during the Year (2018: HK$7,142,000).

Fair value changes of derivative financial assets

The management performed fair value assessment on the redemption option derivation component for Zheyin Tianqin 2018 CB at the end of the reporting period (2018: redemption option derivation component comprised of Investor CB and Zheyin Tianqin 2018 CB). Fair value changes of derivative financial assets in the amount of approximately HK$2,802,000 (2018: credited to the consolidated statement of profit or loss HK$36,358,000) was recognised in the unaudited consolidated statement of profit or loss for the Year. As the Investor CB was fully converted during the financial year of 2018, no fair value changes of derivative financial assets was recognized during the Year (2018: HK$7,611,000).

Loss for the year

The Group reported net loss for the Year of approximately HK$151,997,000 (2018: HK$78,154,000).

CONNECTED TRANSACTIONS

Due to the non-satisfaction of profit guarantee of RMB20,000,000 for all three years ended 31 December 2015, 2016 and 2017, under the terms of the Marsa Acquisition, the Company shall have the Sell-Back Right to sell, and require the Vendors to buy back, Rainbow Star at the Sell-Back Consideration which is equivalent to the consideration already paid by the Company in the sum of HK$90,559,525. In October 2018, the Company proposed to put forward to the Independent Shareholders at the EGM a proposal not to exercise the Sell-Back Right. As Ms. Eva Au was an executive Director and therefore a connected person of the Company within 12 months from the date of the Company's announcement dated 16 October 2018, the non-exercise of the Sell-Back Right constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. At the extraordinary general meeting of the Company held on 17 January 2019, the non-exercise of the Sell-back Right of Marsa was approved by the independent shareholders of the Company.

On 25 January 2019, the Company and Jumbo Faith entered into the Subscription Agreement, pursuant to which Jumbo Faith conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 754,716,981 shares at the subscription price of HK$0.212 per share (as adjusted by the four-to-one share consolidation of the Company which took place on 4 March 2019). As the entire issued share capital of Jumbo Faith is wholly-owned by Ms. Zhou, who is the spouse of Mr. Yu, an executive Director and the chairman of the Board, the Subscription constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. The Subscription by Jumbo Faith was completed on 3 April 2019. The net proceeds raised therefrom was approximately HK$156,000,000.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE YEAR

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds
3 April 2019	Issue of 754,716,981 shares to Jumbo Faith at the subscription price of HK$0.212 per under specific mandate, which was completed on 3 April 2019	HK$156 million	The net proceeds were intended to be utilized as to: (a) approximately HK$31 million to repay, by way of offsetting, the principal and interest of the HK Yinger Loan Facility up to 12 February 2019; (b) approximately HK$15 million being set aside for the cash redemption of the Qianhai 2016 CB maturing in April 2019; (c) approximately HK$64 million being set aside for meeting repayment obligations of debts and liabilities of the Group; (d) approximately HK$8 million for replenishing the capital requirements of the financial services companies of the Group; and (e) approximately HK$38 million for the Group's general corporate expenses (such as salaries, rental expenses and professional fees) for the next twelve months.	Up to the date of this announcement, the net proceeds were actually utilized as to: (a) approximately HK$31 million for offsetting the principal and interest of the HK Yinger Loan Facility up to 12 February 2019; (b) approximately HK$15 million continuing to be set aside for the cash redemption of the Qianhai 2016 CB; (c) approximately HK$67 million being set aside for cash redemption of Zheyin Tainqin 2018 CB; d) approximately HK$5 million already injected into and HK$3 million being set aside for replenishing the capital requirements of, the financial services companies of the Group; and (e) approximately HK$35 million continuing to be set aside for the Group's general corporate expenses (such as salaries, rental expenses and professional fees).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, the Group had total assets of approximately HK$305,381,000 (31 December 2018: HK$329,057,000) and interest-bearing borrowings of approximately HK$10,997,000 (31 December 2018: HK$40,486,000), representing a gearing ratio, defined as interest-bearing borrowings over total assets, of approximately 3.6% (31 December 2018: 12.3%).

As at 31 December 2019, the Group had net current assets of approximately HK$24,263,000 (31 December 2018: net current liabilities of approximately HK$2,865,000), being the surplus of current assets of approximately HK$170,909,000 (31 December 2018: HK$117,088,000) over the current liabilities of approximately HK$146,646,000 (31 December 2018: HK$119,953,000), representing a current ratio of approximately 1.17 (31 December 2018: 0.98).

As at 31 December 2019, the Group had cash and bank balances (including trust and segregated accounts) of approximately HK$135,203,000 (31 December 2018: HK$64,737,000). As at 31 December 2019, the Group had cash and bank balances (excluding trust and segregated accounts) of approximately HK$135,028,000 (31 December 2018: HK$52,911,000).

GEARING RATIO AND FINANCIAL MANAGEMENT

As the Group had no bank borrowing during the Year, no gearing ratio was shown. The Group's financing and treasury activities were managed centrally at the corporate level.

SIGNFICANT INVESTMENT HELD

The Group had no significant investment held as at 31 December 2019.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES

In December 2019, the Group disposed the Disposal Group for a cash consideration of HK$2,200,000 together with a proportional entitlement to share any cash proceeds derived from any successful enforcement of winning judgment(s) of any of the recovery actions on the distressed debts. The Group recognised a net gain on disposal in the amount of approximately HK$1,104,000 on completion of the disposal.

Save as disclosed above, the Group had no acquisition and no other disposal of subsidiaries during the Year.

CHARGES ON ASSETS

None of the Group's assets was pledged to secure any facilities and borrowings granted to the Group as at 31 December 2019.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2019.

FOREIGN EXCHANGE EXPOSURE

The Group's business transactions were mainly carried out in Hong Kong Dollars and Renminbi. The Group was not engaged in any hedging measures during the Year ended. The Group will regularly review its position and will use forward contracts to hedge its foreign currency exposure if it considers the risk to be significant.

CAPITAL STRUCTURE

Save as the disclosure herein, there were no changes in the capital structure of the Company during the years ended 31 December 2019 and 2018 and up to the date of this announcement.

(A) Share Capital

Details on the movements of the share capital for the years ended 31 December 2019 and 2018 are set out in Note 13 to the unaudited consolidated financial statements.

(B) Share Options

Old Share Option Scheme:

On 2 September 2006, a share option scheme (the "**Old 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. The Old Share Option Scheme has a lifespan of 10 years. On 2 September 2016, the Old Share Option Scheme lapsed pursuant to its term. No share options can be granted under the Share Option Scheme after the scheme lapsed in September 2016.

Details on the movements of the share options granted under the Old Share Option Scheme of the Company for the years ended 31 December 2019 and 2018 are set out as follows:

	Number of share option	Weighted average exercise price in HK$ per share
As at 1 January 2018	23,000,000	0.32
Lapsed during the year	(9,000,000)	0.32
As at 31 December 2018	**14,000,000**	**0.32**
Share consolidation ***(Note (i))***	**(10,500,000)**	**–**
Lapsed during the year ***(Note (ii))***	**(3,500,000)**	**1.28**
As at 31 December 2019	**–**	**–**

Notes:

(i) The share consolidation became effective on 4 March 2019, on the basis of every four issued and unissued ordinary shares of par value HK$0.01 each in the share capital of the Company being consolidated into one consolidated share of par value HK$0.04 each.

(ii) As disclosed in the announcement of the Company dated 2 May 2019, 3,500,000 outstanding share options granted under the Old Share Option Scheme lapsed automatically after the close of the option offer on the closing date of 2 May 2019.

New Share Option Scheme

At the annual general meeting of the Company held on 26 June 2019, a new share option scheme (the "**New Share Option Scheme**") was approved by the shareholders of the Company. The New Share Option Scheme has a lifespan of 10 years. At the annual general meeting of the Company held on 26 June 2019, the Scheme Mandate Limit was approved to allow the Company to grant up to the maximum of 147,326,614 options, representing 10% of the shares in issue on the date of approval of the scheme. No share options were granted under the New Share Option Scheme for the years ended 31 December 2019. As at the date of this announcement, the number of options which can be granted under the New Share Option Scheme was 147,326,614 Shares, representing 8.93% of the existing issued share capital of the Company.

Details of the New Share Option Scheme are disclosed as follows:

(1) The purpose of the scheme

(a) The New Share Option Scheme is a share incentive scheme and is established to provide the Company with a flexible means of giving incentive or rewards to Eligible Participants for their retention and contribution or potential contribution to the Group.

(b) The New Share Option Scheme will provide the Eligible Participants with an opportunity to have a personal stake in the Company with a view to motivating the Eligible Participants to utilize their performance and efficiency for the benefit of the Group and attracting and retaining or otherwise maintaining an on-going relationship with the Eligible Participants whose contributions are or will be beneficial to the long term growth of the Group.

(2) The participants of the scheme

The Eligible Participants of the New Share Option Scheme are determined taking into account the Company's operations and financial situation from time to time and the contributions and potential contributions which the Eligible Participants have made or may make to the Group, and in accordance with the rules of the relevant stock exchange(s), the laws and regulations of the relevant jurisdictions and the relevant provisions of the Articles of Association of the Company.

The Board may at its discretion grant Options to the following Eligible Participants:

(i) any director, employee (whether full time or part time employee), professional adviser, business consultant or service vendor to the Group or any entity in which any member of the Group holds any interest (the "**Invested Entity**");

(ii) any discretionary trust whose discretionary objects include any director, employee (whether full time or part time employee), professional adviser, business consultant or service vendor to the Group or any Invested Entity; and

(iii) a company beneficially owned by any director, employee (whether full time or part time employee), professional adviser, business consultant or service vendor to the Group or any Invested Entity.

(3) The total number of securities available for issue under the scheme together with the percentage of the issued shares that it represents as at the date of the report

(a) 30% limit

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.

(b) 10% limit

In addition to the overall 30% limit, and subject to the following paragraph, the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the New Share Option Scheme (excluding any options which have lapsed in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company) (the "**Scheme Mandate Limit**").

The Company may, from time to time, refresh the Scheme Mandate Limit by obtaining the approval of the Shareholders at a general meeting. Once refreshed, the total number of securities which may be issued upon exercise of all options to be granted under the New Share Option Scheme and all other share option schemes of the Company under the limit, as refreshed, must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the New Share Option Scheme and/or any other share option schemes, including without limitation any options which are outstanding, cancelled, lapsed or exercised, will not be counted for the purpose of calculating the refreshed Scheme Mandate Limit.

The Company may seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit or the refreshed Scheme Mandate Limit provided the Options in excess of such limit are granted only to the Eligible Participants specifically identified before such approval is sought. A circular containing a generic description of the specified Eligible Participants who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and other information required under the Listing Rules must be sent to the Shareholders.

(4) The maximum entitlement of each participant under the scheme

Unless approved by the Shareholders, the total number of securities issued and to be issued upon exercise of the Options granted to each Eligible Participant (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of Options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the relevant class of securities in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his associates abstaining from voting.

(5) The period within which the securities must be taken up under an option

An option shall be exercisable at any time during a period to be notified by the Directors to each grantee, provided that no option shall be exercisable later than ten years after its date of grant. Unless otherwise determined by the Directors at their sole discretion, there is no performance target which must be achieved before an option can be exercised.

(6) The minimum period, if any, for which an option must be held before it can be exercised

Unless otherwise determined by the Directors at their sole discretion, there is no requirement of a minimum period for which an Option must be held before such an Option can be exercised under the terms of the New Share Option Scheme.

(7) The amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

HK$1.00 is payable by each Eligible Participant to the Company on acceptance of an Offer of an Option, which shall be paid within 21 days from the Offer Date.

(8) The basis of determining the exercise price

The Subscription Price must be at least the highest of: (a) the closing price of a Share as stated in the daily quotations sheet of the Stock Exchange on the date of grant which must be a Business Day; and (b) the average of the closing prices of the Shares as shown on the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the date of grant; and (c) the nominal value of a Share.

(9) The remaining life of the scheme

The New Share Option Scheme was adopted on 26 June 2019 and shall continue in force until the tenth anniversary of such date (i.e. 26 June 2029).

(C) Convertible Bonds

In this paragraph, references to number of conversion shares and conversion prices refer to the status of affairs prior to the four-to-one share consolidation of the Company which became effective on 4 March 2019. The adjustments to conversion shares and conversion prices as a result of the share consolidation are disclosed in the Company's announcement dated 1 March 2019. Details on the movements of the convertible bonds for the years ended 31 December 2019 and 2018 are set out as follows:

(i) Tai Cheng CB

On 8 May 2012, the Group acquired 55% equity interests in Tai Cheng International Limited ("**Tai Cheng**") for a total consideration of not exceeding HK$30,000,100. Tai Cheng is principally engaged in trading of toys in Hong Kong. The consideration of HK$30,000,000 (the remaining consideration of HK$100 was settled in cash) was settled by the issue of convertible bonds to Tai Shing (the "**Tai Cheng CB**") in three tranches of not exceeding HK$10,000,000 each (subject to the adjustments with reference of the actual profit of Tai Cheng of previous year).

The first tranche of Tai Cheng CB:

On 29 October 2013, the Company issued the first tranche of Tai Cheng CB 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**") which was supposed to mature on 29 October 2016. On 15 March 2017, the Company entered into a side letter with Tai Shing, pursuant to which the Company and Tai Shing agreed to cancel the 1st Tai Cheng CB in the principal amount of HK$6,163,639 in exchange for 2% per annum promissory note in the same principal amount issued by the Company, which was supposed to mature on 30 November 2017. Its principal amount and accrued interest were fully repaid in cash by the Company in July 2018.

The second tranche of Tai Cheng CB:

On 13 October 2014, the Company issued the second tranche of Tai Cheng CB in an aggregate principal amount of HK$5,628,138 (the "**2nd Tai Cheng CB**") to Tai Shing carrying conversion right to convert into 13,727,165 shares at the conversion price of HK$0.41 per share (after adjustment) which matured on 13 October 2017. The principal amount and accrued interest of the 2nd Tai Cheng CB were fully repaid in cash by the Company in July 2018, upon exercising of the cash redemption right at the option of Tai Shing.

The third tranche of Tai Cheng CB:

On 8 September 2015, the Company issued the third tranche of Tai Cheng CB in an aggregate principal amount of HK$477,241 (the "**3rd Tai Cheng CB**") to Tai Shing carrying conversion right to convert into 1,164,002 shares at the conversion price of HK$0.41 per share (after adjustment) which matured on 8 September 2018. The principal amount and accrued interest of the 3rd Tai Cheng CB were fully repaid in cash by the Company in November 2018, upon exercising of the cash redemption right at the option of Tai Shing.

(ii) 2015 CB

On 6 March 2015, the Company issued 3% per annum convertible bonds in the aggregate principal amount of HK$29,000,000 (the "**2015 CB**") carrying conversion right to convert into 87,878,787 shares at the conversion price of HK$0.33 per share maturing on 6 March 2018. On 6 March 2018, the 2015 CB matured and its principal amount and accrued interest were fully redeemed in cash at the option of the convertible bonds holders.

(iii) Qianhai CB

On 15 April 2016, the Company issued 8% per annum convertible bonds to Hong Kong Qian Hai Financial Group Limited in an aggregate principal amount of HK$12,000,000 (the "**Qianhai CB**") carrying conversion right to convert into 40,000,000 shares at the conversion price of HK$0.30 per share (after adjustment) maturing on 15 April 2019. As disclosed in the Company's announcement dated 20 December 2019, the Company was capable and willing to honour its contractual obligations under the Qianhai CB but due to conflicting instructions given by Zhang Xuejun and Shenzhen Qianhai Shengzun Hualong Holdings Co., Ltd. as to the recipient of cash payment, the redemption process was delayed without any fault on the part of the Company, pending the resolution of litigation and dispute amongst the various parties. Qianhai CB in an aggregate principal amount of HK$12,000,000 and accrued interest of approximately HK$2,835,000 being recognised at other payables in the unaudited consolidated statement of financial position.

(iv) Zheyin Tianqin 2017 CB

On 3 March 2017, the Company issued 8% per annum convertible bonds to Zheyin Tianqin (Shenzhen) Investment Limited ("**Zheyin Tianqin**") in an aggregate principal amount of HK$25,000,000 (the "**Zheyin Tianqin 2017 CB**") carrying conversion right to convert into 125,000,000 shares at the conversion price of HK$0.20 per share and maturing on 3 March 2018. Pursuant to the exercise of the conversion rights attaching to the Zheyin Tianqin 2017 CB on 1 March 2018, 125,000,000 shares were allotted and issued by the Company to the nominated entity of Zheyin Tianqin, Dogain Capital Limited, based on the conversion price of HK$0.20 per conversion share.

(v) Investor CB

On 8 February 2018, the Company issued 6% per annum convertible bonds to Mr. Liu Dong (the "**Investor**") in an aggregate principal amount of HK$27,200,000 (the "**Investor CB**") carrying conversion right to convert into 160,000,000 shares at the conversion price of HK$0.17 per share and maturing on 10 February 2020. Pursuant to the exercise of the conversion rights attaching to the Investor CB on 2 March 2018, 160,000,000 shares were allotted and issued by the Company to the nominated entity of the Investor, Smoothly Good Investment Development Limited ("**Smoothly Good**"), based on the conversion price of HK$0.17 per conversion share.

(vi) Zheyin Tianqin 2018 CB

On 19 April 2018, the Company issued 6% per annum convertible bonds in an aggregate principal amount of HK$60,000,000 (the "**Zheyin Tianqin 2018 CB**") carrying conversion right to convert into 352,941,176 shares at the conversion price of HK$0.17 per share and maturing on 20 April 2020, being the second anniversary of the date of issue of the convertible bonds (or the next business day, if the anniversary date is not a business day). On 25 February 2020, the Company received a notice of redemption from Crown Hang International Investment Limited informing the Company of its election not to exercise the conversion right attaching to the Zheyin Tianqin 2018 CB, and requested the Company to redeem the Zheyin Tianqin 2018 CB in cash. Zheyin Tianqin 2018 CB imputed interest of approximately HK$6,630,000 being recognized at other payables in the unaudited consolidated statement of financial position.

DIVIDEND

The Directors do not recommend the payment of any dividend for the Year (2018: Nil).

HUMAN RESOURCES

As at 31 December 2019, the Group has 306 employees in Hong Kong and China. Employees' remuneration, promotion and salary increments are assessed based on both individuals' and the Group's performance, professional and working experiences and by reference to prevailing market practices and standards. Apart from the general remuneration package, the Group also granted share options and discretionary bonus to the eligible staffs based on their performance and contribution to the Group. The Group regards high-caliber staff as one of the key factors to corporate success.

LITIGATIONS

Save as disclosed below, as at the date of this announcement, neither the Company nor any other member of the Group was engaged in any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group:

(i) As disclosed in the Company's announcement dated 20 December 2019, the Company issued 8% per annum convertible bonds to Hong Kong Qian Hai Financial Group Limited ("**HK Qianhai Financial**") in an aggregate principal amount of HK$12,000,000 (the "**Qianhai 2016 CB**") carrying conversion right to convert into the shares of the Company. The Qianhai 2016 CB matured on 15 April 2019 without conversion. At or around the maturity date of the Qianhai 2016 CB, the Company received conflicting instructions from Mr. Zhang Xuejun (張學軍) ("**Mr. Zhang**") and another entity named 深圳市前海盛尊華龍控股有限公司 (Shenzhen Qianhai Shengzun Hualong Holdings Co., Ltd.) ("**Shengzun Hualong**"), both purporting to have the authority from the holder of the Qianhai 2016 CB and each purporting to give different payment instructions to the Company regarding the recipient of the cash redemption amount. The Company was notified that Shengzun Hualong has commenced legal action against Mr. Zhang, HK Qianhai Financial and the Company (the "**Litigation**") seeking to recover the cash redemption amount of the Qianhai 2016 CB. As the Company is capable and willing to honour its contractual obligations under the Qianhai 2016 CB and the delay, if any, on the redemption was the sole responsibilities of other parties who failed to provide consistent instructions to the Company, the Directors are of the view that the Litigation shall not have any significant impact on the financial position of the Company. The Company has instructed its legal advisers to uphold its own lawful right in the Litigation.

(ii) As disclosed in the Company's announcement dated 20 December 2019, the Club House Business suffered from a temporary power suspension in October 2019 due to a dispute (the "**Dispute**") between the Group's wholly-owned subsidiary, Green Silver Lake Healthcare & Wellness (Shenzhen) Co., Ltd. (格林銀湖健康養生(深圳)有限公司) ("**Green Silver Lake**") and the property management company of the premises of the Club House Business (the "**PM Company**") regarding the amount of reimbursement of electricity fees. In November 2019, Green Silver Lake commenced legal action to seek to recover from the PM Company an over-payment of approximately RMB4,260,000 and other damages and remedies. On 3 December 2019, Green Silver Lake received a counter-claim from the PM Company regarding an alleged under-payment of RMB1,560,000. Green Silver Lake has instructed its legal advisers to uphold its lawful rights and pursue after the PM Company for damages suffered by Green Silver Lake as a result of the PM Company's breach of contractual obligations.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeem any of the Company's securities listed on the Stock Exchange during the Year.

CORPORATE GOVERNANCE

The Company and the Directors confirm, to the best of their knowledge, that the Company complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") as stated in Appendix 14 of the Listing Rules during the Year, except the deviation disclosed in the following paragraphs:

(i) With respect to Code Provisions C.2.1 and C.2.2, (a) the board should conduct a review of the effectiveness of the risk management and internal control systems of the issuer and its subsidiaries at least annually; (b) the review should cover all material controls, including financial, operational and compliance controls and risk management functions; and (c) such annual review should, in particular, consider the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting, internal audit and financial reporting function. The Company has engaged Crowe (HK) Risk Advisory Limited to review its internal control systems and provide recommendation to the Company.

(ii) With respect to Code Provision C.2.5, an issuer should have an internal audit function and issuers without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report. Due to the size and scale of operations, the Group did not have internal audit function during the Year. To facilities the Group's internal control function, the Company has engaged Crowe (HK) Risk Advisory Limited to carry out internal control review and provide recommendation to the Company. On 29 August 2019, the Board adopted new internal control policies regarding contract management, financial reporting and the use of the company seal. The Company and its key operating subsidiaries are working with the Company's internal control adviser to walk through the implementation outcome of the new policies. The implementation review was completed by the end of November 2019.

MODEL CODE ON SECURITIES TRANSACTION BY DIRECTORS OF LISTED ISSUERS

The Company follows the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct for Directors in their dealings in the Company's securities. All existing directors have confirmed to the Company that they have complied with the Model Code during the Year.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee comprises three independent non-executive directors, namely Mr. David Tsoi (Chairman), Mr. Wu Hong and Mr. Wang Chunlin. The primary function of the audit committee is to review the financial reporting process, the risk management and internal control systems of the Group, oversee the audit process and make recommendations to the Board regarding the appointment, resignation and removal of auditors and improvement on the financial reporting system, risk management and internal control systems of the Group.

The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the Year has not been completed due to restrictions in force in parts of China to combat the COVID-19 coronavirus outbreak. The unaudited results contained herein have not been agreed by the Company's auditors. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants. The Company currently expects that the auditing process should be completed on or before 15 May 2020.

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the Year as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein, (ii) the proposed date on which the forthcoming annual general meeting will be held, and (iii) the period during which the register of members holding ordinary shares will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting. In addition, the Company will issue further announcement(s) as and when necessary if there are other material developments in the completion of the auditing process.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement has been published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company. (http://www.iraia.com/listco/hk/greeninternational/). Due to the delay in the completion of the financial reporting and auditing works as a result of the coronavirus epidemic as set out in the Company's announcement dated 20 March 2020, the Company currently expects that the annual report of the Company for the year ended 31 December 2019 containing all the information as required by the Listing Rules should be dispatched to the shareholders of the Company and made available for review on the same websites on or before 15 May 2020.

APPRECIATION

On behalf of the Board, I would like to express our sincere thanks to our colleagues for their efforts and commitment.

WARNING STATEMENT

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors of the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 31 March 2020

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