



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)

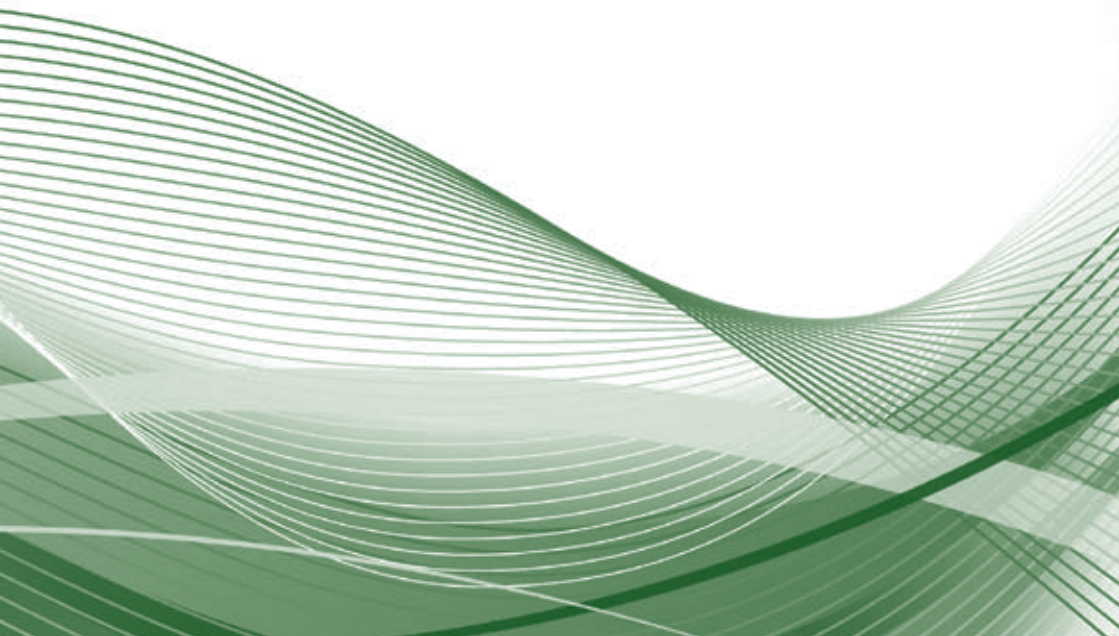
Interim Report 2012

formerly known as "Smart Union Group (Holdings) Limited"

Contents

Green International Holdings Limited (formerly "Smart Union Group (Holdings) Limited")
Interim Report 2012

2	Corporate Information
4	Condensed Consolidated Income Statement
5	Condensed Consolidated Statement of Comprehensive Income
6	Condensed Consolidated Statement of Financial Position
8	Condensed Consolidated Statement of Changes in Equity
9	Condensed Consolidated Cash Flow Statement
10	Notes to the Condensed Consolidated Interim Financial Statements
43	Management Discussions and Analysis
47	Other Information



Corporate Information

DIRECTORS

Executive Directors

Mr. Yang Wang Jian (*Chairman*)
Mr. Wong Man Keung
(*Chief Executive Officer*)
Mr. Zhu Pei Heng
Ms. Yang Jun
Mr. Chan Yin Tsung
(*appointed on 3 July 2012*)

Non-Executive Director

Mr. Jonathan Cheung
(*appointed on 3 July 2012*)

Independent Non-Executive Directors

Mr. Yeung King Wah, Kenneth
Mr. Wu Hong
Mr. Wong Kwong Chung, James

AUDIT COMMITTEE

Mr. Wong Kwong Chung, James
(*Chairman*)
Mr. Yeung King Wah, Kenneth
Mr. Wu Hong

REMUNERATION COMMITTEE

Mr. Wong Kwong Chung, James
(*Chairman*)
Mr. Yeung King Wah, Kenneth
Mr. Yang Wang Jian

NOMINATION COMMITTEE

Mr. Yang Wang Jian (*Chairman*)
Mr. Wong Kwong Chung, James
Mr. Yeung King Wah, Kenneth

COMPANY SECRETARY

Ms. Man Ching Yan

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3007-08, 30/F
West Tower
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200 Connaught Road Central
Hong Kong

LEGAL ADVISER AS TO HONG KONG LAW

P. C. Woo & Co.
Room 1225, 12/F
Prince's Building
10 Chater Road
Central
Hong Kong

FINANCIAL ADVISER

Asian Capital (Corporate Finance)
Limited
Suite 1006, 10/F
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

PRINCIPAL BANKERS

Wing Hang Bank, Limited
Hang Seng Bank Limited

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman)
Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

2700 (listed on the Main Board of
The Stock Exchange of Hong Kong
Limited)

WEBSITE

[http://www.irasia.com/listco/hk/
greeninternational/index.htm](http://www.irasia.com/listco/hk/greeninternational/index.htm)

Condensed Consolidated Income Statement

For the six months ended 30 June 2012

	Notes	Six months ended 30 June	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Revenue	5	192,572	285,694
Cost of sales		(143,453)	(251,561)
Gross profit		49,119	34,133
Other income	6	54	2,976
Administrative expenses		(25,253)	(10,310)
Selling expenses		(21)	(203)
Operating profit	7	23,899	26,596
Finance costs, net	8	(4,463)	(10,975)
Profit before tax		19,436	15,621
Income tax expense	9	(7,564)	(6,900)
Profit for the period		11,872	8,721
Profit attributable to:			
Equity holders of the Company		11,487	8,721
Non-controlling interests		385	–
		11,872	8,721
Earnings per share for profit attributable to the equity holders of the Company, restated			
– Basic (HK cents)	10	1.57	10.52
– Diluted (HK cents)	10	1.51	10.52
Dividend	11	–	–

The notes on pages 10 to 42 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	11,872	8,721
Other comprehensive income		
Currency translation differences	162	–
Total other comprehensive income for the period, net of tax	162	–
Total comprehensive income for the period	12,034	8,721
Total comprehensive income for the period attributable to:		
Equity holders of the Company	11,649	8,721
Non-controlling interests	385	–
	12,034	8,721

The notes on pages 10 to 42 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2012

	Notes	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	4,064	3,700
Intangible assets	12	31,447	1,581
		35,511	5,281
Current assets			
Inventories		1,097	2,945
Trade receivables	13	435,500	451,526
Prepayments, deposits and other receivables		1,525	1,500
Cash and cash equivalents	14	1,407	22,265
		439,529	478,236
Total assets		475,040	483,517
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	15	9,040	6,030
Share premium		143,588	90,721
Other reserves		35,747	17,765
Retained earnings/(accumulated losses)		1,908	(9,579)
		190,283	104,937
Non-controlling interests		582	–
Total equity		190,865	104,937

The notes on pages 10 to 42 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2012

		30 June 2012	31 December 2011
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Convertible bonds	16	20,596	61,837
Current liabilities			
Trade payables	17	204,087	281,713
Other payables and accruals	17	33,667	17,145
Amount due to a director		2,300	2,300
Amount due to a non-controlling shareholder of a subsidiary		376	–
Tax payable		23,149	15,585
		263,579	316,743
Total liabilities		284,175	378,580
Total equity and liabilities		475,040	483,517
Net current assets		175,950	161,493
Total assets less current liabilities		211,461	166,774

The notes on pages 10 to 42 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	Attributable to the equity holders of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings/ (accumulated losses) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2011	55,259	368,381	30,474	(765,140)	(311,026)	-	(311,026)
Profit and total comprehensive income for the period	-	-	-	8,721	8,721	-	8,721
Balance at 30 June 2011	55,259	368,381	30,474	(756,419)	(302,305)	-	(302,305)
Balance at 1 January 2012	6,030	90,721	17,765	(9,579)	104,937	-	104,937
Profit for the period	-	-	-	11,487	11,487	385	11,872
Currency translation differences	-	-	162	-	162	-	162
Total comprehensive income for the period	-	-	162	11,487	11,649	385	12,034
Issue of shares on conversion of Convertible Bonds	3,010	52,867	(12,349)	-	43,528	-	43,528
Share-based payments	-	-	13,436	-	13,436	-	13,436
Acquisition of a subsidiary	-	-	-	-	-	197	197
Equity component of contingent consideration payable	-	-	16,733	-	16,733	-	16,733
Balance at 30 June 2012	9,040	143,588	35,747	1,908	190,283	582	190,865

The notes on pages 10 to 42 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2012

	Notes	Six months ended 30 June	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities		(19,182)	3,047
Net cash generated from investing activities		188	–
Net cash used in financing activities		(1,856)	–
Net (decrease)/increase in cash and cash equivalents		(20,850)	3,047
Cash and cash equivalents at 1 January		22,265	16,161
Exchange differences		(8)	–
Cash and cash equivalents at 30 June		1,407	19,208
Analysis of the balances of cash and cash equivalents			
Bank balances and cash	14	1,407	19,609
Bank overdrafts	14	–	(401)
		1,407	19,208

The notes on pages 10 to 42 are an integral part of these condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

1. GENERAL INFORMATION

Green International Holdings Limited (formerly Smart Union Group (Holdings) Limited) (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.

Pursuant to a special resolution passed by the shareholders at an extraordinary general meeting held on 12 April 2012 and approved by the Registrar of Companies in the Cayman Islands on 24 April 2012, the name of the Company has been changed from Smart Union Group (Holdings) Limited to Green International Holdings Limited.

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 Company and its subsidiaries (together the “Group”) were principally engaged in manufacturing and trading of recreational and educational toys and equipment.

The directors regard Gold Bless International Invest Limited, a company incorporated in the British Virgin Islands, as being the immediate and ultimate holding company.

These condensed consolidated interim financial statements are presented in Hong Kong dollars (HK\$), and all values are rounded to the nearest thousand unless otherwise stated. These condensed consolidated interim financial statements have been approved for issue by the Board of Directors (the “Board”) of the Company on 31 August 2012.

These condensed consolidated interim financial statements have not been audited.

Notes to the Condensed Consolidated Interim Financial Statements

2. GROUP RESTRUCTURING, DISMISSAL OF WINDING-UP PETITIONS AND DISCHARGE OF PROVISIONAL LIQUIDATORS IN PRIOR YEAR

In October 2008, the Group found difficulties in meeting its short-term debts. The directors resolved to apply for winding-up petitions for the Company and certain of its subsidiaries and apply to the High Court of Hong Kong (the “High Court”) for the appointment of provisional liquidators in order to protect the assets of the Group and to safeguard the interests of both the creditors and the shareholders.

As a result of the applications, Messrs. John Robert Lees and Mat Ng were appointed as the joint and several provisional liquidators of the Company (“Provisional Liquidators”) and certain of its subsidiaries by the orders of the High Court subsequently.

On 31 December 2010, the Company, the Provisional Liquidators, Gold Bless International Invest Limited (the “Investor”), Mr Yang Wang Jian (“Mr Yang”) and Mr Ting Wai-min (“Mr Ting”) entered into a restructuring agreement which was subsequently supplemented by entering of two other supplemental agreements in May and June 2011 respectively (collectively the “Restructuring Agreements”). The Restructuring Agreements contemplated, among other things, the following:

(a) Capital restructuring

The capital structure of the Company had been restructured (the “Capital Restructuring”) as follows:

- (i) a share consolidation (the “Share Consolidation”) of every twenty existing shares of HK\$0.10 each into three consolidated shares (the “Consolidated Shares”) of HK\$0.67 each;
- (ii) the reduction of capital (the “Capital Reduction”) upon the Share Consolidation becoming effective, by reducing the nominal value of the Consolidated Shares from HK\$0.67 each to HK\$0.01 each (the “New Shares”);

Notes to the Condensed Consolidated Interim Financial Statements

2. GROUP RESTRUCTURING, DISMISSAL OF WINDING-UP PETITIONS AND DISCHARGE OF PROVISIONAL LIQUIDATORS IN PRIOR YEAR

(Continued)

(a) Capital restructuring *(Continued)*

- (iii) the cancellation of all unissued authorised share capital of HK\$0.10 each and the increase of the authorised share capital to HK\$40,000,000, divided into 4,000,000,000 New Shares of HK\$0.01 each;
- (iv) upon the Capital Reduction becoming effective, the entire amount standing to the credit of the share premium account of the Company had been cancelled (the “Share Premium Cancellation”). The credit arising from the Share Premium Cancellation had been applied to set off part of the accumulated losses of the Company as at 31 December 2010; and
- (v) any rights arising under the existing convertible securities had been cancelled.

(b) Subscription of shares (“Subscription Shares”)

432,000,000 Subscription Shares was subscribed by the Investor at a subscription price of HK\$0.185 per New Share.

(c) Placing of placing shares (“Placing Shares”)

The placing of 27,020,000 Placing Shares by the placing agent at HK\$0.185 per New Share.

Notes to the Condensed Consolidated Interim Financial Statements

2. GROUP RESTRUCTURING, DISMISSAL OF WINDING-UP PETITIONS AND DISCHARGE OF PROVISIONAL LIQUIDATORS IN PRIOR YEAR

(Continued)

(d) Placing of convertible bonds (“Convertible Bonds”)

The placing of an aggregate principal amount of HK\$85,100,000 Convertible Bonds of which up to HK\$63,825,000 in aggregate principal amount had been placed to the Investor. The holders of the Convertible Bonds are entitled to convert the Convertible Bonds into the New Shares of the Company at a conversion price of HK\$0.185 per New Share within a period of two years.

(e) Scheme and group restructuring (the “Group Restructuring”)

Pursuant to the terms of the Restructuring Agreements, all the debts, obligations and liabilities of the Company, whether known or unknown, whether certain or contingent, whether present, future or prospective, of the creditors (the “Scheme Creditors”) had been compromised and discharged by the arrangements on completion as contemplated under the scheme of arrangement (the “Scheme”) made between the Company and the Scheme Creditors pursuant to section 166 of the Companies Ordinance, which included, among other things, the following:

- (i) The payment of a sum of HK\$50,000,000 less any costs of the Scheme, out of the subscription, by the Provisional Liquidators for and on behalf of the Company to the scheme administrators for the benefit of the Scheme Creditors;
- (ii) The issue and allotment of 34,100,000 New Shares by the Company to the Provisional Liquidators or the scheme administrators for the benefit of the Scheme Creditors; and

Notes to the Condensed Consolidated Interim Financial Statements

2. GROUP RESTRUCTURING, DISMISSAL OF WINDING-UP PETITIONS AND DISCHARGE OF PROVISIONAL LIQUIDATORS IN PRIOR YEAR

(Continued)

(e) Scheme and group restructuring (the “Group Restructuring”)

(Continued)

- (iii) Immediately prior to the Scheme taking effect, all the assets of the Company and its subsidiaries (other than the shareholding in and the assets of Sino Front Limited and its subsidiaries) (the “Excluded Companies”) including but not limited to all cash and cash equivalents held by the Company, all intercompany receivables, all causes of actions and claims which the Company has had against any person whether or not known to the Company as at the date when the Scheme took effect and the Excluded Companies had been transferred to a special purpose vehicle (the “Special Purpose Vehicle”) controlled by the scheme administrators for the benefit of the Scheme Creditors.

The independent shareholders of the Company had resolved and approved all of the transactions contemplated under the Restructuring Agreements in an extraordinary general meeting held on 16 September 2011.

The Capital Reduction was heard and sanctioned by the Grand Court of the Cayman Islands on 27 October 2011 (Cayman Islands time) whilst the Scheme was sanctioned by the High Court on 31 October 2011. The Capital Restructuring, the Scheme and the Group Restructuring were properly implemented as of 7 November 2011.

The High Court order for the dismissal of the winding up order against the Company and the discharge of the Provisional Liquidators was granted on 7 November 2011. The Provisional Liquidators were released and discharged with effect from 7 November 2011 accordingly.

Notes to the Condensed Consolidated Interim Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements for the six months ended 30 June 2012 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” and applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3.1 Basis of preparation

The condensed consolidated interim financial statements of the Company have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants except for the non-consolidation of certain subsidiaries of the Group as explained in Note 3.2 and the results of a former subsidiary and an associated company were not properly equity accounted for, for the six months ended 30 June 2011. The condensed consolidated interim financial statements have been prepared under the historical cost convention.

Notes to the Condensed Consolidated Interim Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

3.2 Subsidiaries not consolidated in prior accounting periods

These condensed consolidated interim financial statements have been prepared based on the books and records maintained by the Group. However, due to the major assets and production facilities of a subsidiary of the Company, Smart Union Industrial Limited (“SU Industrial”), have been subject to freezing orders obtained by its creditors in the People’s Republic of China (the “PRC”) since October 2008, the directors have not been able to gain access to certain books and records of this subsidiary or to obtain sufficient documentary information to satisfy themselves regarding the treatment of the transactions since 2008. As such, the results, assets and liabilities of SU Industrial and its subsidiary, Perfect Design and Product Development Limited (“Perfect Design”), had not been included in the condensed consolidated interim financial statements of the Group for the six months ended 30 June 2011. The resulting de-consolidation loss, which is determined based on the net asset value of these subsidiaries as at 1 January 2008, and the impairment loss of the investment in SU Industrial of approximately HK\$63,393,000 and HK\$3,600,000 respectively had been recognised in the consolidated income statement during the year ended 31 December 2008. Moreover, as at 30 June 2011, the total amounts due from SU Industrial and its subsidiary to the Group and the Company of approximately HK\$231,939,000 and HK\$188,373,000 respectively were considered to be impaired and, accordingly, full impairment losses had been recognised in the consolidated financial statements for the six months ended 30 June 2011. In addition, there was a total amount due to SU Industrial and Perfect Design of approximately HK\$112,362,000 as at 30 June 2011.

Notes to the Condensed Consolidated Interim Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

3.2 Subsidiaries not consolidated in prior accounting periods

(Continued)

Similar to SU Industrial, the major assets and production facilities of Smart Union (Qingyuan) Industrial Limited (“SU Qingyuan”), another subsidiary of the Group, has been subject to freezing orders issued since 14 October 2008. The local authorities have also taken over the control of SU Qingyuan itself. The directors considered that, due to the loss of control in SU Qingyuan, it should no longer be regarded as a subsidiary of the Group and be de-consolidated from the consolidated financial statements since 14 October 2008. Due to the lack of complete books and records of SU Qingyuan, it was deemed disposed of and deconsolidated from the consolidated financial statements of the Group only based on its net assets value as at 31 December 2007, resulting in a gain of HK\$506,000 which was included in the consolidated income statement for the year ended 31 December 2008.

As at 30 June 2011, the investment in SU Qingyuan and the amount due from SU Qingyuan of approximately HK\$30,000,000 and HK\$32,241,000 respectively were considered not recoverable and, accordingly, full impairment losses had been recognised in the consolidated financial statements.

Due to the significance of the operations of SU Industrial and SU Qingyuan, any changes to the status or possible outcome of the freezing orders against SU Industrial and SU Qingyuan might have a significant consequential effect on the net liabilities as at and the results of the Group for the six months ended 30 June 2011.

In the opinion of the directors, the condensed consolidated interim financial statements as at and for the six months ended 30 June 2011 prepared on the aforementioned basis presented more fairly the results and state of affairs of the Group as a whole in light of the aforesaid freezing orders against SU Industrial and SU Qingyuan. However, the non-consolidation of SU Industrial, Perfect Design, and SU Qingyuan are not in compliance with the requirements of HKAS 27 “Consolidated and Separate Financial Statements”.

Notes to the Condensed Consolidated Interim Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

3.2 Subsidiaries not consolidated in prior accounting periods

(Continued)

Moreover, due to the lack of complete books and records of the above unconsolidated subsidiaries, the directors are unable to ascertain the effect of the non-consolidation of those unconsolidated subsidiaries.

As discussed in Note 2, all the assets of the Company and certain of its subsidiaries, including SU Industrial, Perfect Design and SU Qingyuan, were transferred to the Special Purpose Vehicle upon the completion of the Group Restructuring on 7 November 2011.

3.3 Comparative figure restatement

The earnings per share for the six months ended 30 June 2011 had been restated to reflect the Share Consolidation of 20 shares into 3 Consolidated Shares on 7 November 2011.

3.4 Accounting policies

(a) Amended standards adopted by the Group

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2012:

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

The adoption of these amendments to standards has no material effect on the amounts reported and disclosures set out in the condensed consolidated interim financial statements of the Group for the current or prior accounting periods.

Notes to the Condensed Consolidated Interim Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Accounting policies (Continued)

(b) *The following new standards and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2012, and have not been adopted early by the Group:*

HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities ²
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ²
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (2011)	Employee Benefits ²
HKAS 27 (2011)	Separate Financial Statements ²
HKAS 28 (2011)	Investments in Associate and Joint Ventures ²
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities ³
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ²
Annual Improvement Project	Annual Improvements 2009 – 2011 Cycle ²

¹ Effective for annual periods beginning or after 1 July 2012

² Effective for annual periods beginning or after 1 January 2013

³ Effective for annual periods beginning or after 1 January 2014

⁴ Effective for annual periods beginning or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new standards and amendments to standards and interpretations upon initial application. So far, the Group considers that these new standards and amendments to standards and interpretations are unlikely to have a significant impact on the Group's results of operations and financial position.

Notes to the Condensed Consolidated Interim Financial Statements

4. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board is identified as the Group's chief operating decision-maker.

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

The Group primarily operates in Hong Kong and the PRC.

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

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	181,269	285,694
The PRC	1,204	–
Japan	5,137	–
Spain	2,804	–
Others	2,158	–
	192,572	285,694

Sales are allocated based on the places/countries in which customers are located. During the six months ended 30 June 2012, sales of approximately HK\$174,444,000 (six months ended 30 June 2011: HK\$285,694,000) were derived from 2 major customers (six months ended 30 June 2011: 3 customers) who individually account for more than 10% of the total sales.

Notes to the Condensed Consolidated Interim Financial Statements

4. SEGMENT INFORMATION *(Continued)*

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

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Hong Kong	1,144	450
The PRC	34,367	4,831
	35,511	5,281

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

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

	Six months ended 30 June 2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Hong Kong	781	11
The PRC	–	2,850
	781	2,861

Capital expenditures are allocated based on their geographical locations.

Notes to the Condensed Consolidated Interim Financial Statements

5. REVENUE

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

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of goods	192,572	285,694

6. OTHER INCOME

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income:		
– Re-imbursments from the Investor for Group Restructuring costs	–	2,902
– Sundry income	54	74
	54	2,976

Notes to the Condensed Consolidated Interim Financial Statements

7. OPERATING PROFIT

The Group's operating profit is arrived at after charging the following:

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment (<i>Note 12</i>)	480	304

8. FINANCE COSTS, NET

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income on bank deposits	(1)	–
Interest expense:		
– Other borrowings, wholly repayable within 5 years	–	2,098
– Provision for financial guarantees to an unconsolidated subsidiary	–	8,877
– Convertible Bonds (<i>Note 16</i>)	4,143	–
– Fair value change of liability component of Tai Cheng CB (<i>Note 18</i>)	321	–
	4,463	10,975

Notes to the Condensed Consolidated Interim Financial Statements

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current taxation:		
– Hong Kong profits tax	7,561	6,900
– PRC Enterprise Income Tax	3	–
	7,564	6,900

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2011: 16.5%) on the estimated assessable profits for the period.

The PRC Enterprise Income Tax for the Group's subsidiaries operating in the PRC is calculated at the rate of 25% (six months ended 30 June 2011: 25%) on their estimated assessable profits for the period, based on existing legislation, interpretations and practices in respect thereof.

Notes to the Condensed Consolidated Interim Financial Statements

10. EARNINGS PER SHARE

Basic

The calculation of basic earnings per share is based on the consolidated profit attributable to the equity holders of the Company of approximately HK\$11,487,000 (six months ended 30 June 2011: HK\$8,721,000) and on the weighted average number of 733,112,296 (six months ended 30 June 2011 (restated): HK\$82,887,900) ordinary shares in issue during the period, after taking into account the effect of the Share Consolidation on 7 November 2011, as stated in Note 2.

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited and restated)
Profit attributable to the equity holders of the Company (<i>HK\$'000</i>)	11,487	8,721
Weighted average number of ordinary shares in issue (<i>thousands</i>)	733,112	82,888
Basic earnings per share (<i>HK cents</i>)	1.57	10.52

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and adjusting for the Share Consolidation, as stated in Note 2. The Company has two categories of dilutive potential ordinary shares: the Convertible Bonds (Note 16) and convertible bonds issuable for the acquisition of Tai Cheng International Limited (the "Tai Cheng CB") (Note 18). The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense of the Convertible Bonds and fair value change of the liability component of the Tai Cheng CB.

Notes to the Condensed Consolidated Interim Financial Statements

10. EARNINGS PER SHARE (Continued)

Diluted (Continued)

The computation of diluted earnings per share does not assume the conversion of the Company's outstanding share options (Note 15(c)) as the exercise price of the Company's share options was higher than the average market price per share from the grant of the options to the end of the reporting period.

	Six months ended 30 June 2012 HK\$'000 (Unaudited)
Profit attributable to the equity holders of the Company	11,487
Interest expense on Convertible Bonds (Note 8)	4,143
Fair value change in liability component of the Tai Cheng CB	13
	<hr/>
Profit used to determine diluted earnings per share	15,643
	<hr style="border-top: 1px dashed black;"/>
Weighted average number of ordinary shares in issue (thousands)	733,112
Adjustments for:	
– Assumed conversion of the Convertible Bonds (thousands)	302,896
– Assumed conversion of the Tai Cheng CB (thousands)	2,141
	<hr/>
Weighted average number of ordinary shares for diluted earnings per share (thousands)	1,038,149
	<hr style="border-top: 1px dashed black;"/>
Diluted earnings per share (HK cents)	1.51
	<hr style="border-top: 3px double black;"/>

There were no dilutive effects on the earnings per share for the six months ended 30 June 2011.

Notes to the Condensed Consolidated Interim Financial Statements

11. DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

12. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment	Goodwill
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Six months ended 30 June 2011		
Net book value		
Opening amount as at 1 January 2011	3,165	–
Depreciation (<i>Note 7</i>)	(304)	–
	<hr/>	<hr/>
Closing amount as at 30 June 2011	2,861	–

Six months ended 30 June 2012

Net book value

Opening amount as at 1 January 2012	3,700	1,581
Additions	772	–
Acquisition of a subsidiary (<i>Note 18</i>)	9	29,759
Depreciation (<i>Note 7</i>)	(480)	–
Exchange realignment	63	107
	<hr/>	<hr/>
Closing amount as at 30 June 2012	4,064	31,447

Notes to the Condensed Consolidated Interim Financial Statements

13. TRADE RECEIVABLES

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Trade receivables	443,663	459,689
Less: Provision for impairment	(8,163)	(8,163)
	435,500	451,526

The Group's trade receivables with its customers are generally with credit periods of 90 days (31 December 2011: 90 days). The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history to minimise the credit risk.

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

The carrying amounts of trade receivables approximate their fair values. The ageing analysis of trade receivables, based on invoice date, as at 30 June 2012 and 31 December 2011 were as follows:

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
0 – 30 days	49,425	19,137
31 – 60 days	42,198	34,882
61 – 90 days	47,719	45,627
91 days – 180 days	149,114	183,309
Over 180 days	155,207	176,734
	443,663	459,689

Notes to the Condensed Consolidated Interim Financial Statements

13. TRADE RECEIVABLES *(Continued)*

Management assessed the credit quality of those trade receivables of HK\$139,342,000 (31 December 2011: HK\$99,646,000) that are neither past due nor impaired by reference to the repayment history and current financial position of these customers. These 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 30 June 2012, trade receivables of approximately HK\$304,321,000 (31 December 2011: HK\$360,043,000) were past due but not impaired. These relate to customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
0 – 30 days	–	–
31 – 60 days	–	–
61 – 90 days	–	–
91 days – 180 days	149,114	183,309
Over 180 days	155,207	176,734
	304,321	360,043

Subsequent settlements of trade receivables from 30 June 2012 up to the date of approval of the condensed consolidated interim financial statements amounted to approximately HK\$68,081,000. Since the customers have no recent history of default, the directors believe that most of the remaining balances can be recovered in the foreseeable future.

The Group has made a total provision of approximately HK\$8,163,000 to account for the discounting effect of the time value of money because of the delay in settlements of the outstanding trade receivables.

Notes to the Condensed Consolidated Interim Financial Statements

14. CASH AND CASH EQUIVALENTS

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Cash at bank and on hand	1,407	22,265
Maximum exposure to credit risk	1,327	22,237

15. SHARE CAPITAL

(a) Authorised capital

	Number of shares	Nominal value HK\$'000
As at 1 January 2011 and 30 June 2011, ordinary shares of HK\$0.10 each	2,000,000,000	200,000
As at 1 July 2011, ordinary shares of HK\$0.10 each	2,000,000,000	200,000
Share consolidation of 20 existing shares of HK\$0.10 each into 3 Consolidated Shares of HK\$0.67 each (<i>Note (i)</i>)	(1,700,000,000)	–
Capital reduction of the par value of the Consolidated Shares of HK\$0.67 each into New Shares of HK\$0.01 each (<i>Note (i)</i>)	–	(197,000)
Increase in authorised share capital (<i>Note (i)</i>)	3,700,000,000	37,000
As at 31 December 2011, ordinary shares of HK\$0.01 each	4,000,000,000	40,000
As at 1 January 2012 and 30 June 2012, ordinary shares of HK\$0.01 each	4,000,000,000	40,000

Notes to the Condensed Consolidated Interim Financial Statements

15. SHARE CAPITAL *(Continued)*

(b) Issued and fully paid capital

	Number of shares	Nominal value HK\$'000
As at 1 January 2011 and 30 June 2011	552,586,000	55,259
As at 1 July 2011	552,586,000	55,259
Share consolidation of 20 existing shares of HK\$0.10 each into 3 Consolidated Shares of HK\$0.67 each <i>(Note (i))</i>	(469,698,100)	–
Capital reduction of the par value of the Consolidated Shares of HK\$0.67 each into New Shares of HK\$0.01 each <i>(Note (i))</i>	–	(54,430)
Issue of Subscription Shares <i>(Note (ii))</i>	432,000,000	4,320
Issue of Placing Shares <i>(Note (ii))</i>	27,020,000	270
Issue of Creditor Shares <i>(Note (ii))</i>	34,100,000	341
Issue of shares upon conversion of Convertible Bonds	27,000,000	270
As at 31 December 2011	603,007,900	6,030
As at 1 January 2012	603,007,900	6,030
Issue of shares upon conversion of Convertible Bonds <i>(Note (iii))</i>	301,000,000	3,010
As at 30 June 2012	904,007,900	9,040

Notes to the Condensed Consolidated Interim Financial Statements

15. SHARE CAPITAL *(Continued)*

(b) Issued and fully paid capital *(Continued)*

Notes:

- (i) Pursuant to the Restructuring Agreements entered into between the Company, the Provisional Liquidators, the Investor, Mr Yang and Mr Ting, which were approved by the independent shareholders of Company on 16 September 2011, sanctioned by the Grand Court of the Cayman Islands on 27 October 2011 and implemented by the Company on 7 November 2011, the share capital of the Company was restructured as follows:
- Share consolidation of every 20 existing shares of HK\$0.10 each was consolidated into 3 Consolidated Shares of HK\$0.67 each;
 - Capital reduction upon the Share Consolidation became effective, by reducing the nominal value of the Consolidated Shares from HK\$0.67 each to HK\$0.01 each; and
 - The authorised share capital was increased to HK\$40,000,000, which was divided into 4,000,000,000 New Shares of HK\$0.01 each.
- (ii) Pursuant to the Restructuring Agreements and upon completion of the Group Restructuring on 7 November 2011, the Company issued and allotted the following New Shares of HK\$0.01 each:
- 432,000,000 Subscription Shares were issued to the Investor at a subscription price of HK\$0.185 per New Share;
 - 27,020,000 Placing Shares were issued through the placing agent at a price of HK\$0.185 per New Share; and
 - 34,100,000 Creditor Shares were issued to the scheme administrators for the benefit of the Scheme Creditors for full and final settlement of the claims by the creditors of the Company.
- (iii) During the six months ended 30 June 2012, certain of the Convertible Bonds with a total principal amount of HK\$55,685,000 (six months ended 30 June 2011: Nil) were converted into the shares of the Company at a conversion price of HK\$0.185 per share and, accordingly, the Company issued and allotted a total of 301,000,000 shares (six months ended 30 June 2011: Nil) to the convertible bond holders.

Notes to the Condensed Consolidated Interim Financial Statements

15. SHARE CAPITAL *(Continued)*

(c) Share option scheme

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

On 27 April 2007, share options with rights to subscribe for a total of 10,100,000 shares of the Company at a subscription price of HK\$0.78 per share were granted to selected persons with a maximum vesting period of three years, and expire on 26 April 2017.

Pursuant to the Capital Restructuring as stated in Note 2, any rights arising under the existing convertible securities were to be cancelled. As the Group Restructuring was completed on 7 November 2011, all outstanding share options were declared to be lapsed.

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.

Notes to the Condensed Consolidated Interim Financial Statements

15. SHARE CAPITAL *(Continued)*

(c) Share option scheme *(Continued)*

Movements in the share options are as follows:

	2012		2011	
	Exercise price per share HK\$	Number of share options	Exercise price per share HK\$	Number of share options
As at 1 January	-	-	0.78	5,760,000
Granted	0.37	65,800,000	-	-
As at 30 June	0.37	65,800,000	0.78	5,760,000

The weighted average fair value of options granted during the period determined using the Trinomial Option Pricing Model was HK\$0.2042 per option. The significant inputs into the model were weighted average share price of HK\$0.37 at the grant date, exercise price shown above, volatility of 45%, dividend yield of 0%, an expected option life of ten years, and annual risk-free interest rate of 1.139%.

Notes to the Condensed Consolidated Interim Financial Statements

16. CONVERTIBLE BONDS

As stated in Note 2, pursuant to the Restructuring Agreements and upon completion of the Group Restructuring, the Company placed, through a placing agent an aggregate principal amount of HK\$85,100,000 Convertible Bonds of which HK\$63,825,000 in aggregate principal amount was placed to the Investor and the remaining balance HK\$21,275,000 was taken up by independent holders. Upon completion, the Company issued 460,000,000 5.0% Convertible Bonds in the aggregate principal amount of HK\$85,100,000 on 7 November 2011. The bonds will mature two years from the issue date at their nominal value of HK\$85,100,000 or can be converted into shares of the Company at the holder's option before the maturity date at a conversion price of HK\$0.185 per share. The values of the liability component and the equity conversion component were determined at issuance of the bonds.

The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond. The liability component was subsequently stated at amortised cost until extinguished on conversion or maturity of the bond. The residual amount, representing the value of the equity conversion option, was included in shareholders' equity in other reserves.

The Convertible Bonds recognised in the condensed consolidated statement of financial position were calculated as follows:

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Liability component at 1 January	61,837	–
Right of conversion exercised by bond holders	(43,528)	–
Interest expense (<i>Note 8</i>)	4,143	–
Interest paid	(1,856)	–
Liability component at 30 June	20,596	–

Notes to the Condensed Consolidated Interim Financial Statements

17. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Trade payables	204,087	281,713
Other payables and accruals (<i>Note (i)</i>)	33,667	17,145
	237,754	298,858

Note:

- (i) As at 30 June 2012, included in other payables and accruals was the fair value of the Tai Cheng CB of HK\$13,588,000 which represents the liability component of the contingent consideration payable in relation to the acquisition of a subsidiary (*Note 18(ii)*).

The carrying amounts of trade payables approximate their fair values. The ageing analysis of trade payables, based on invoice date, as at 30 June 2012 and 31 December 2011 were as follows:

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
0 – 30 days	37,274	12,783
31 – 60 days	22,339	32,506
61 – 90 days	24,674	33,039
91 days – 1 year	111,619	203,362
Over 1 year	8,181	23
	204,087	281,713

Notes to the Condensed Consolidated Interim Financial Statements

18. ACQUISITION OF A SUBSIDIARY

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

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

	HK\$'000 (Unaudited)
Purchase consideration	
– Cash paid (<i>note (i)</i>)	–
– Contingent consideration (<i>note (ii)</i>)	30,000
Total purchase consideration	30,000

Notes to the Condensed Consolidated Interim Financial Statements

18. ACQUISITION OF A SUBSIDIARY *(Continued)*

Recognised amounts of identifiable assets acquired and liabilities assumed

	Fair value recognised on acquisition <i>HK\$'000</i> (Unaudited)
Property, plant and equipment <i>(Note 12)</i>	9
Trade receivables	897
Prepayment, deposits and other receivables	23
Cash and cash equivalents	210
Trade payables	(547)
Amount due to a non-controlling shareholder of a subsidiary	(154)
	<hr/>
Total identifiable net assets	438
Non-controlling interests	(197)
Goodwill <i>(Note 12)</i>	29,759
	<hr/>
	30,000

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

	<i>HK\$'000</i> (Unaudited)
Cash and cash equivalents acquired	210
Less: Consideration satisfied by cash <i>(note (i))</i>	-
	<hr/>
Net cash inflow on acquisition of a subsidiary	210

Notes to the Condensed Consolidated Interim Financial Statements

18. ACQUISITION OF A SUBSIDIARY *(Continued)*

Notes:

- (i) The cash consideration paid was HK\$100. The amount shown above was a result of rounding.
- (ii) Contingent consideration in aggregate not exceeding HK\$30,000,000 shall be settled by the issue of convertible bonds (the "Tai Cheng CB") in three tranches of 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 each financial year ended 31 December 2012, 2013 and 2014 respectively.

The Tai Cheng CB, if issued, will be non-interest bearing, mature three years from the date of issue and is convertible into the shares of the Company at a conversion price of HK\$0.50 per share.

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

The fair value of the liability component of the Tai Cheng CB was initially recognised at the date of acquisition at HK\$13,267,000 by using the discount cash flow model. The fair value estimates were based on assumed discount rates ranging from 17.90% to 18.15%. This liability component was subsequently measured at fair value of HK\$13,588,000 as at 30 June 2012 in other payables and accruals (Note 17), with change in fair value of HK\$321,000 recognised as finance costs (Note 8) in the condensed consolidated income statement.

The equity component of the Tai Cheng CB of HK\$16,733,000, which represents the value of the equity conversion option of the contingent consideration payable, was included in shareholders' equity in other reserves.

Notes to the Condensed Consolidated Interim Financial Statements

19. COMMITMENTS

(a) Capital commitments

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

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Contracted but not provided for – Provision of working capital facility to a non-wholly owned subsidiary	10,000	–

(b) Operating leases commitments

The Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings, falling due as follows:

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Not later than one year	4,248	1,981
Later than 1 year and not later than 5 years	2,936	3,592
	7,184	5,573

None of the leases include contingent rentals.

Notes to the Condensed Consolidated Interim Financial Statements

20. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group had the following significant transactions carried out with related parties during the six months ended 30 June 2012.

(a) Key management compensation

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Wages, salaries and other short-term employee benefits	1,590	–
Pension costs		
– defined contribution plans	24	–
Share-based payments	11,027	–
	12,641	–

(b) Other transactions with related parties

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rentals paid to related companies beneficially owned by Mr. Yang Wang Jian, a director of the Company	333	–

Notes to the Condensed Consolidated Interim Financial Statements

20. SIGNIFICANT RELATED PARTY TRANSACTIONS

(Continued)

(c) Balances with related parties

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Amount due to a director of the Company, Mr. Yang Wang Jian	2,300	2,300

The amount due to a director is denominated in Hong Kong dollars. The balance is unsecured, interest-free and repayable on demand.

21. CONTINGENT LIABILITIES

The Group had no material contingent liabilities arising from the ordinary course of business as at 30 June 2012 and 31 December 2011.

Management Discussions and Analysis

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the shareholders at an extraordinary general meeting on 12 April 2012 and approved by the Registrar of Companies in the Cayman Islands on 24 April 2012, the name of the Company has been changed from “Smart Union Group (Holdings) Limited” to “Green International Holdings Limited” and the Chinese name of the Company has been changed from “合俊集團（控股）有限公司” to “格林國際控股有限公司”.

BUSINESS AND FINANCIAL REVIEW

The Group recorded a total revenue of approximately HK\$193 million during the first six months ended 30 June 2012 as compared to approximately HK\$286 million for the same period in 2011. The drop in total revenue was due to the decline in orders from the European countries and the United States (the “U.S.”). However, the gross profit of the Group has remained strong as the Group has taken strategic angle in reshaping the business model.

During the first half of 2012, the macro-economic and operating environment continued to be plagued by political unrests in major oil producing region, continuing financial instability in the eurozone, economic slowdown of the U.S., and rising manufacturing costs in the PRC. The European and the U.S. consumer confidence remained weak as the outlook for the job market continued to weigh over consumer purchase decisions. Market reports indicated that the U.S. retail toy sales for the industry as a whole in the first half of 2012 were down in unit terms compared to the same period last year. The Group expects uncertainties of the global economic environment to persist in the second half of 2012. In light of such forecast, the management has taken a strategic approach and has started to develop businesses related to online games and animations.

The gross profit margin has substantially increased from 11.9% in the first half of 2011 to 25.5% in the same period of 2012. This was mainly attributable to the shift in business focus and the expansion of customer base. The management puts focus on the sales in the PRC and has developed merchandise related to animations and online games. The Group keeps close relationship with strategic partners in the PRC and has continued to develop new products.

Management Discussions and Analysis

With the success of the Group's strategies, despite there was an increase in staff cost of approximately HK\$13.4 million due to the granting of share options to the employees as an incentive for their continuous contribution to the Group, net profit after tax of the Group surged by 36.8% to approximately HK\$11.9 million in the first half of 2012 from approximately HK\$8.7 million for the same period last year.

THE MACRO-ECONOMIC ENVIRONMENT

The European credit crisis continues to worry the global economy. Production orders are declining as sales are slowing down.

Western Economy: The U.S. and the European countries are still struggling to recover from the financial crisis. While the eurozone countries are taking steps to mitigate the problems at hand, the outlook of the economy remains grim.

The Group foresees a slow recovery in the eurozone. In order to promptly respond to various challenges in the region's business environment, the Group will continue to work closely and maintain strong relationships with clients in this region.

China Economy: The Chinese economy has been growing at a slower pace in the current quarters. Export in general continues to be affected by exchange rate fluctuation and uncertainties in the U.S. and the European countries. The increasing labor costs and material costs have also put strain on the growth and profitability of the manufacturing industry.

MANAGEMENT FORECAST AND PROSPECT

The Group has successfully expanded its business in the domestic consumer market of the PRC and will continue to focus on developing new markets with products related to animations and online games. The Group is able to maintain a lower cost structure by utilizing its production line at full capacity. The Group is also prepared to make acquisitions or mergers of businesses if suitable opportunity arises.

The Group foresees that traditional toys are becoming less popular and the new generations are increasing interested in interactive electronic toys, a new product direction in which the Group plans to expand. Development of interactive products and online games are some of the possible projects that the Group will devote resources to. The Group has established a wholly-owned subsidiary, Green Capital (Hong Kong) Limited to act as the principal investment arm of the Group going forward.

Management Discussions and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2012, the Group held cash and bank balances of approximately HK\$1,407,000 (31 December 2011: approximately HK\$22,265,000). Net current assets amounted to approximately HK\$175,950,000 (31 December 2011: approximately HK\$161,493,000). Current ratio (defined as total current assets divided by total current liabilities) was 1.67 times (31 December 2011: 1.51 times). The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 59.8% (31 December 2011: 78.3%). As at 30 June 2012, the carrying amounts and the principal amounts of the outstanding borrowings of the Group amounted to approximately HK\$22,896,000 (31 December 2011: HK\$64,137,000) and HK\$26,720,000 (31 December 2011: HK\$82,405,000), respectively.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to foreign exchange risk, with most of the Group's assets and liabilities, revenue and expenditure are denominated in Renminbi, U.S. dollars and Hong Kong dollars. As at 30 June 2012 the Group had insignificant exposure to foreign exchange risk as substantially all sales and purchases transactions, recognised assets and liabilities were primarily denominated in U.S. dollars, Hong Kong dollars and Renminbi.

CAPITAL STRUCTURE

The Company has undergone the Group Restructuring during the year ended 31 December 2011 with details stated in Note 2 to the condensed consolidated interim financial statements.

During the six months ended 30 June 2012, certain of the Convertible Bonds with a total principal amount of HK\$55,685,000 were converted into the shares of the Company at a conversion price of HK\$0.185 per share and, accordingly, the Company issued and allotted a total of 301,000,000 shares to the convertible bond holders. Save as the disclosure herein and the granting of 65,800,000 share options to certain substantial shareholders, directors and employees of the Group, there was no changes in the capital structure of the Company during the period.

CHARGES ON GROUP ASSETS

As at 30 June 2012, none of the Group's assets was pledged to secure any facilities and borrowings granted to the Group.

Management Discussions and Analysis

SIGNIFICANT ACQUISITION AND DISPOSAL OF ASSETS

The Company has undergone the Group Restructuring during the year ended 31 December 2011 with details stated in Note 2 to the condensed consolidated interim financial statements. The assets and liabilities of the Group transferred to the Special Purpose Vehicle under the Scheme during the year ended 31 December 2011 were detailed in the Company's annual report 2011.

During the six months ended 30 June 2012, the Group acquired 55% equity interests of Tai Cheng International Limited ("Tai Cheng"), a company incorporated in Hong Kong with limited liability, at a consideration not in excess of HK\$30,000,100. Tai Cheng is principally engaged in the trading of toys business. The acquisition has provided an opportunity for the Group to expand its trading business and broaden its customer bases to different countries and regions. Details of the acquisition are stated in Note 18 to the condensed consolidated interim financial statements.

COMMITMENTS AND CONTINGENT LIABILITIES

The Group's commitments and contingent liabilities as at 30 June 2012 had been detailed in Note 19 and 21 respectively, to the condensed consolidated interim financial statements.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2012, the Group employed approximately 146 (31 December 2011: 140) employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them 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 with reference to the Group's performance as well as individual's performance.

INTERIM DIVIDEND

The directors do not recommend any dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2012, the interests or short positions of the directors and chief executives of the Company or their respective associates (as defined under the Listing Rules) in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) (a) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register (the "Register") referred to therein, or (c) which were required, pursuant to the Code of Practice for Securities Transaction by directors and designated employees adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

The Company

(a) Long positions in shares

Name of Directors	Capacity in which the shares are held	Number of shares held	Approximate percentage of total issued shares
Mr. Yang Wang Jian	Interest of controlled corporations	678,000,000	75.00%

Note: The shares are beneficially owned by Gold Bless International Invest Limited, a company of which 85% of its share capital is owned by Mr. Yang Wang Jian ("Mr. Yang") and therefore, Mr. Yang is deemed to be interested in such shares pursuant to Part XV of the SFO.

Other Information

(b) Long positions in underlying shares

Name of Directors	Capacity in which the underlying shares are held	Interest in the underlying shares	Approximate percentage of total issued shares
Mr. Yang Wang Jian (Note i)	Interest of controlled corporations	99,000,000	10.95%
(Note ii)	Beneficial owner	9,000,000	1.00%
Mr. Wong Man Keung (Note ii)	Beneficial owner	9,000,000	1.00%
Ms. Yang Jun (Note ii)	Beneficial owner	6,000,000	0.66%

Note:

- (i) These are the shares of the Company which may be issued upon full exercise of the conversion rights attached to the Convertible Bonds held by Gold Bless International Invest Limited, a company of which 85% of its share capital is owned by Mr. Yang Wang Jian ("Mr. Yang") and therefore, Mr. Yang is deemed to be interested in such shares pursuant to Part XV of the SFO.
- (ii) These are the shares of the Company which may be issued upon full exercise of the share options granted to the respective directors by the Company on 11 May 2012. Further details of the share options granted are stated in the section headed "Share Option Scheme" below.
- (iii) The percentages above are calculated based on the total number of issued shares of the Company as at 30 June 2012.

Associated corporation – Gold Bless International Invest Limited (a controlled corporation of the Company)

Long positions in shares

Name of Directors	Capacity in which the shares are held	Number of shares held	Approximate percentage of total issued shares
Mr. Yang Wang Jian	Beneficial owner	85	85.00%

Save as disclosed above, as at 30 June 2012, none of the directors or chief executives of the Company was interested, or was deemed to be interested in the long and short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange or recorded in the Register as aforesaid.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2012, so far as it is known by or otherwise notified by any director or the chief executives of the Company, the particulars of the corporations or persons who had 5% or more interests in the following long positions in the shares and underlying shares of the Company as recorded in the Register required to be kept under Section 336 of the SFO or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (the "Voting Entitlements") (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

The Company

(a) Long positions in shares

Name of Substantial Shareholders	Capacity in which the shares are held	Number of shares held	Approximate percentage of total issued shares
Gold Bless International Invest Limited (Note i)	Beneficial owner	678,000,000	75.00%
Mr. Yang Wang Jian (Note i and ii)	Interest of controlled corporations	678,000,000	75.00%
Jin Yu Consultant Limited (Note ii)	Security interest	600,000,000	66.37%
Dragon Legend Investments Limited (Note iii)	Beneficial owner	54,020,000	5.98%
Asian Capital Holdings Limited (Note iii)	Interest of controlled corporation	54,020,000	5.98%
Master Link Assets Limited (Note iii)	Interest of controlled corporation	54,020,000	5.98%
Mr. Yeung Kai Cheung Patrick (Note iii)	Interest of controlled corporation	54,020,000	5.98%

Other Information

Note:

- (i) The shares are beneficially owned by Gold Bless International Invest Limited (“Gold Bless”), a company of which 85% of its share capital is owned by Mr. Yang Wang Jian (“Mr. Yang”) and therefore, Mr. Yang is deemed to be interested in such shares pursuant to Part XV of the SFO.
- (ii) Pursuant to the loan facility agreement (the “Loan Agreement”) entered into between Gold Bless and Jin Yu Consultant Limited (“Jin Yu”) on 27 June 2012, 600,000,000 shares of the Company owned by Gold Bless have been charged to Jin Yu as security for the performance of Gold Bless’s obligations under the Loan Agreement.
- (iii) The shares are beneficially owned by Dragon Legend Investments Limited, which is 100% owned by Asian Capital Holdings Limited (“Asian Capital”), a company of which 43.75% of its share capital is owned by Master Link Assets Limited (“Master Link”), a company which is 100% owned by Mr. Yeung Kai Cheung Patrick (“Mr. Yeung”) and therefore, Asian Capital, Master Link and Mr. Yeung are deemed to be interested in such shares pursuant to Part XV of the SFO.

(b) *Long positions in underlying shares*

Name of substantial shareholders	Capacity in which the underlying shares are held	Interest in the underlying shares	Approximate percentage of total issued shares
Gold Bless International Invest Limited (<i>Note i</i>)	Beneficial owner	99,000,000	10.95%
Mr. Yang Wang Jian (<i>Note i</i>)	Interest of controlled corporations	99,000,000	10.95%
(<i>Note ii</i>)	Beneficial owner	9,000,000	1.00%
Dragon Legend Investments Limited (<i>Note iii</i>)	Beneficial owner	33,000,000	3.65%
Asian Capital Holdings Limited (<i>Note iii</i>)	Interest of controlled corporation	33,000,000	3.65%

Other Information

Name of substantial shareholders	Capacity in which the underlying shares are held	Interest in the underlying shares	Approximate percentage of total issued shares
Master Link Assets Limited (Note iii)	Interest of controlled corporation	33,000,000	3.65%
Mr. Yeung Kai Cheung Patrick (Note iii)	Interest of controlled corporation	33,000,000	3.65%
Hong Kong Tai Shing Toys Trading Limited (Note iv)	Beneficial owner	60,000,000	6.64%
Fang Bai Jin (Note iv)	Interest of controlled corporation	60,000,000	6.64%
(Note ii)	Beneficial owner	9,000,000	1.00%

Note:

- (i) These are the shares of the Company which may be issued upon full exercise of the conversion rights attached to the Convertible Bonds held by Gold Bless International Invest Limited, a company of which 85% of its share capital is owned by Mr. Yang Wang Jian ("Mr. Yang") and therefore, Mr. Yang is deemed to be interested in such shares pursuant to Part XV of the SFO.
- (ii) These are the shares of the Company which may be issued upon full exercise of the share options granted to the respective substantial shareholders and directors by the Company on 11 May 2012. Further details of the share options granted are stated in the section headed "Share Option Scheme" below.
- (iii) These are the shares of the Company which may be issued upon full exercise of the conversion rights attached to the Convertible Bonds held by Dragon Legend Investments Limited, which is 100% owned by Asian Capital Holdings Limited ("Asian Capital"), a company of which 43.75% of its share capital is owned by Master Link Assets Limited ("Master Link"), a company which is 100% owned by Mr. Yeung Kai Cheung Patrick ("Mr. Yeung") and therefore, Asian Capital, Master Link and Mr. Yeung are deemed to be interested in such shares pursuant to Part XV of the SFO.

Other Information

- (iv) These are the shares of the Company which may be issued upon full exercise of the conversion rights attached to the Tai Cheng CB. Hong Kong Tai Shing Toys Trading Limited ("Tai Shing") is a company which is 100% owned by Mr. Fang Bai Jin ("Mr. Fang") and therefore, Mr. Fang is deemed to be interested in such shares pursuant to Part XV of the SFO.
- (v) The percentages above are calculated based on the total number of issued shares of the Company as at 30 June 2012.

Save as disclosed above, the directors are not aware of any other corporation or person who, as at 30 June 2012, had the Voting Entitlements or any interests or short positions in the shares or underlying shares as recorded in the Register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

On 2 September 2006, a share option scheme (the "Share Option Scheme") was approved and adopted 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 share options previously granted on 27 April 2007 were declared to be lapsed and cancelled upon the completion of the Capital Restructuring of the Company on 7 November 2011 as stated in Note 2 to the condensed consolidated interim financial statements.

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.

Other Information

The movements in share options during the period are as follows:

Name of grantee	Exercise price <i>HK\$</i>	Exercisable period	As at	Granted	Exercised/ Lapsed	As at
			1 January 2012	during the period ended 30 June 2012	during the period ended 30 June 2012	30 June 2012
Directors and/or substantial shareholders						
Mr. Yang Wang Jian	0.37	11.5.2012 to 10.5.2022	-	9,000,000	-	9,000,000
Mr. Wong Man Keung	0.37	11.5.2012 to 10.5.2022	-	9,000,000	-	9,000,000
Ms. Yang Jun	0.37	11.5.2012 to 10.5.2022	-	6,000,000	-	6,000,000
Mr. Fang Bai Jin	0.37	11.5.2012 to 10.5.2022	-	9,000,000	-	9,000,000
Other persons	0.37	11.5.2012 to 10.5.2022	-	32,800,000	-	32,800,000
			-	65,800,000	-	65,800,000

Other Information

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2012.

CORPORATE GOVERNANCE

The Company endeavors in maintaining good corporate governance for the enhancement of shareholders' value. The Company has adopted the code provisions in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules. The Company has complied with all the applicable code provisions in the Code throughout the six months ended 30 June 2012.

AUDIT COMMITTEE

The audit committee currently comprises three independent non-executive Directors, namely Mr. Wong Kwong Chung, James (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 unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2012.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Securities Dealing Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions.

Having made specific enquiry of all directors, the directors have confirmed that they have complied with the Securities Dealing Code throughout the six months ended 30 June 2012.

For and on behalf of
Green International Holdings Limited
(Formerly "Smart Union Group (Holdings) Limited")
Yang Wang Jian
Chairman

Hong Kong, 31 August 2012