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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board (the "Board") of directors (the "Directors") of Green International Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 June 2013 together with the comparative figures for the corresponding period in 2012. The unaudited condensed consolidated interim results have been reviewed by the Company's audit committee (the "Audit Committee").

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

	Notes	Six months ended 30 June 2013 HK$'000 (Unaudited)	2012 HK$'000 (Unaudited)
Revenue	3 & 4	**169,711**	192,572
Cost of sales		**(158,250)**	(143,453)
Gross profit		**11,461**	49,119
Other income	5	**185**	54
Selling expenses		**(240)**	(21)
Administrative expenses		**(10,778)**	(25,253)
Operating profit	6	**628**	23,899
Finance costs, net	7	**(3,833)**	(4,463)
(Loss)/Profit before income tax		**(3,205)**	19,436
Income tax expense	8	**(1,814)**	(7,564)
(Loss)/Profit for the period		**(5,019)**	11,872

	Notes	Six months ended 30 June **2013** *HK$'000* **(Unaudited)**	2012 *HK$'000* (Unaudited)
(Loss)/Profit for the period attributable to:			
Equity holders of the Company		**(9,065)**	11,487
Non-controlling interests		**4,046**	385
		(5,019)	11,872
(Loss)/Earnings per share for (loss)/profit for the period attributable to the equity holders of the Company			
– Basic *(HK cents)*	*9*	**(1.00)**	1.57
– Diluted *(HK cents)*	*9*	**(1.00)**	1.51
Dividend	*10*	**–**	–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/Profit for the period	**(5,019)**	11,872
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**168**	162
Total comprehensive (expenses)/income for the period	**(4,851)**	12,034
Total comprehensive (expenses)/income for the period attributable to:		
Equity holders of the Company	**(9,014)**	11,649
Non-controlling interests	**4,163**	385
	(4,851)	12,034

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	**30 June 2013** **HK$'000** **(Unaudited)**	31 December 2012 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**9,818**	3,577
Land use rights		**4,340**	–
Other intangible assets		**31,482**	31,446
Deposits paid for acquisition of property, plant and equipment		**6,267**	–
		51,907	35,023
Current assets			
Inventories		**1,167**	3,904
Trade receivables	*11*	**305,328**	301,403
Prepayments, deposits and other receivables		**12,501**	16,624
Cash and cash equivalents		**12,275**	37,475
		331,271	359,406
Total assets		**383,178**	394,429
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	*12*	**9,040**	9,040
Share premium		**143,588**	143,588
Other reserves		**35,394**	35,343
Retained earnings		**125**	9,190
		188,147	197,161
Non-controlling interests		**7,379**	3,216
Total equity		**195,526**	200,377

	Notes	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Audited)
Current liabilities			
Trade payables	*13*	**75,135**	75,979
Contingent consideration payable		**16,034**	14,761
Other payables, accruals and deposits received		**24,665**	31,390
Convertible bonds		**23,860**	22,143
Other borrowings		**5,000**	–
Amount due to the controlling shareholder		**36,600**	22,475
Amount due to a non-controlling shareholder of a subsidiary		**997**	215
Tax payable		**5,361**	27,089
Total liabilities		**187,652**	194,052
Total equity and liabilities		**383,178**	394,429
Net current assets		**143,619**	165,354
Total assets less current liabilities		**195,526**	200,377

NOTES

1. GENERAL INFORMATION

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

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

The Group were principally engaged in the manufacturing and trading of recreational and educational toys and equipment.

The Directors regard Gold Bless International Invest Limited ("Gold Bless"), 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 the Company on 30 August 2013.

These condensed consolidated interim financial statements have not been audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements for the six months ended 30 June 2013 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 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2.1 Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants. These condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of contingent consideration payable, which is carried at fair value.

Except as described below, the accounting polices applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

Income taxes in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

2.2 Application of new standards, amendments and interpretations

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

The following new standards, amendments and interpretations are mandatory for the first time for the financial year beginning on 1 January 2013:

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

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

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

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

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

(ii) HKFRS 13 "Fair Value Measurement"

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

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

(b) ***New standards and amendments to existing standards that are not yet effective and have not been early adopted***

Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
HKFRS 9	Financial instruments[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 January 2015

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

3. SEGMENT INFORMATION

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

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

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

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

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong	**6,146**	181,269
The PRC	**1,605**	1,204
Europe	**44,256**	3,244
Japan	**105,860**	5,137
South America	**–**	1,718
North America	**9,587**	–
Australia	**1,714**	–
Others	**543**	–
	169,711	192,572

Sales are allocated based on the places/countries in which customers are located. During the six months ended 30 June 2013, sales of approximately HK$137,811,000 (six months ended 30 June 2012: HK$174,444,000) were derived from 2 major customers (six months ended 30 June 2012: 2 customers) who individually account for more than 10% of the total sales.

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

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Hong Kong	**30,006**	31,789
The PRC	**21,901**	3,234
	51,907	35,023

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	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong	**3**	781
The PRC	**17,478**	–
	17,481	781

Capital expenditures are allocated based on their geographical locations.

4. 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	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Sales of goods	**169,711**	192,572

5. OTHER INCOME

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Exchange gain	**146**	–
Sundry income	**39**	54
	185	54

6. OPERATING PROFIT

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

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**676**	480
Amortisation of land use rights	**22**	–

7. FINANCE COSTS, NET

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income on bank deposits	**10**	1
Fair value change of contingent consideration payable	**(1,273)**	(321)
Interest expense:		
– Borrowings due within one year	**(242)**	–
– Convertible bonds	**(2,328)**	(4,143)
	(3,833)	(4,463)

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current taxation:		
– Hong Kong profits tax	**1,812**	7,561
– PRC Enterprise Income Tax	**2**	3
	1,814	7,564

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2012: 16.5%) on the estimated assessable profits for the period.

The PRC Enterprise Income Tax for the Group's subsidiaries operating in the PRC has been provided at the rate of 25% (six months ended 30 June 2012: 25%) on their estimated assessable profits for the period, based on existing legislation, interpretations and practices in respect thereof.

9. (LOSS)/EARNINGS PER SHARE

Basic

The calculation of basic loss/earnings per share is based on the consolidated loss for the period attributable to the equity holders of the Company of approximately HK$9,065,000 (six months ended 30 June 2012: profit of HK$11,487,000) and on the weighted average number of 904,007,900 (six months ended 30 June 2012: 733,112,296) ordinary shares in issue during the period.

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
(Loss)/Profit for the period attributable to the equity holders of the Company *(HK$'000)*	**(9,065)**	11,487
Weighted average number of ordinary shares in issue *(thousands)*	**904,008**	733,112
Basic (loss)/earnings per share *(HK cents)*	**(1.00)**	1.57

Diluted

Diluted loss/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: share options (Note 12(c)), convertible bonds and convertible bonds issuable for the acquisition of Tai Cheng International Limited in 2012 (the "Tai Cheng CB").

The computation of diluted loss/earnings per share for the six months ended 30 June 2013 and 30 June 2012 did not assume the exercise of the Company's outstanding share options because the exercise price of the Company's share options was higher than the average market price per share.

The computation of diluted loss per share for the six months ended 30 June 2013 did not assume the conversion of the Company's outstanding convertible bonds and the Tai Cheng CB since their conversion would result in a decrease in loss per share.

For the six months ended 30 June 2012, the convertible bonds and the Tai Cheng CB are assumed to have been converted into ordinary shares, and the profit for the period attributable to the equity holders of the Company is adjusted to eliminate the interest expense of the convertible bonds and fair value change of the liability component of the Tai Cheng CB.

	Six months ended 30 June 2012 (Unaudited)
Profit for the period attributable to the equity holders of the Company *(HK$'000)*	11,487
Interest expense on convertible bonds *(HK$'000)*	4,143
Fair value change of the liability component of the Tai Cheng CB *(HK$'000)*	13
Profit used to determine diluted earnings per share *(HK$'000)*	15,643
Weighted average number of ordinary shares in issue *(thousands)*	733,112
Assumed conversion of the convertible bonds *(thousands)*	302,896
Assumed conversion of the Tai Cheng CB *(thousands)*	2,141
Weighted average number of ordinary shares used to determine diluted earnings per share *(thousands)*	1,038,149
Diluted earnings per share *(HK cents)*	1.51

10. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

11. TRADE RECEIVABLES

	30 June 2013 *HK$'000* **(Unaudited)**	31 December 2012 *HK$'000* (Audited)
Trade receivables	**317,860**	313,935
Less: Provision for impairment	**(12,532)**	(12,532)
	305,328	301,403

The Group's trade receivables from its customers are generally with credit periods of 90 days (31 December 2012: 90 days). The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history to minimise the credit risk.

The maximum exposure to credit risk at the end of the reporting period was the carrying amounts 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 2013 and 31 December 2012 were as follows:

	30 June 2013 *HK$'000* **(Unaudited)**	31 December 2012 *HK$'000* (Audited)
0 – 30 days	**26,638**	18,008
31 – 60 days	**7,794**	12,547
61 – 90 days	**1,015**	32,037
91 – 180 days	**5,568**	100,465
Over 180 days	**276,845**	150,878
	317,860	313,935

As at 30 June 2013, trade receivables of approximately HK$282,413,000 (31 December 2012: HK$251,234,000) 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 2013 *HK$'000* **(Unaudited)**	31 December 2012 *HK$'000* (Audited)
91 – 180 days	**5,568**	100,363
Over 180 days	**276,845**	150,871
	282,413	251,234

12. SHARE CAPITAL

(a) Authorised capital

	Number of shares	Nominal value
		HK$'000
As at 1 January 2012, 30 June 2012 and 31 December 2012, ordinary shares of HK$0.01 each	4,000,000,000	40,000
As at 1 January 2013 and 30 June 2013, ordinary shares of HK$0.01 each	**4,000,000,000**	**40,000**

(b) Issued and fully paid capital

	Number of shares	Nominal value
		HK$'000
As at 1 January 2012	603,007,900	6,030
Issue of shares upon conversion of convertible bonds *(Note)*	301,000,000	3,010
As at 30 June 2012 and 31 December 2012	904,007,900	9,040
As at 1 January 2013 and 30 June 2013	**904,007,900**	**9,040**

Note:

During the year ended 31 December 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.

(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 of the Company subject to the terms and conditions stipulated in the Share Option Scheme.

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 will expire on 10 May 2022.

Movements in the share options are as follows:

	2013		2012	
	Average exercise price per share	**Number of share options**	Average exercise price per share	Number of share options
	HK$		*HK$*	
As at 1 January	**0.37**	**65,800,000**	–	–
Granted	**–**	**–**	0.37	65,800,000
As at 30 June	**0.37**	**65,800,000**	0.37	65,800,000

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

13. TRADE PAYABLES

The ageing analysis of trade payables, based on invoice date, as at 30 June 2013 and 31 December 2012 were as follows:

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**30,011**	17,436
31 – 60 days	**7,594**	12,115
61 – 90 days	**–**	9,924
91 days – 1 year	**12,025**	30,991
Over 1 year	**25,505**	5,513
	75,135	75,979

The carrying amounts of trade payables approximate their fair values.

14. COMMITMENTS

(a) Capital commitments

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

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted but not provided for:		
– Acquisition of land	**–**	4,786
– Construction of plant	**6,680**	10,000
– Purchase of machinery	**–**	6,136
	6,680	20,922

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Not later than one year	**1,723**	3,299
Later than 1 year but not later than 5 years	**1,481**	2,119
	3,204	5,418

None of the leases include contingent rentals.

15. CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2013 and 31 December 2012.

16. SUBSEQUENT EVENTS

On 25 June 2013, the Company entered into a placing agreement with a placing agent to place, on a best effort basis, up to 180,800,000 new shares of the Company at a price of HK$0.205 per share, which was subsequently terminated on 9 August 2013.

On 9 August 2013, the Company entered into another agreement (the "Top-up Placing and Top-up Subscription Agreement") with Gold Bless and One China Securities Limited (the "Placing Agent") pursuant to which Gold Bless agreed to place, through the Placing Agent, on a best effort basis, up to 180,800,000 shares to at least six placees at a price of HK$0.205 per share (the "Top-up Placing"). Pursuant to the Top-up Placing and Top-up Subscription Agreement, Gold Bless conditionally agreed to subscribe for a number of new shares equivalent to the number of shares actually placed by the Placing Agent (the "Top-up Subscription").

The Top-up Placing and the Top-up Subscription were completed on 19 August 2013 and 21 August 2013 respectively in accordance with the terms and conditions of the Top-up Placing and Top-up Subscription Agreement in which an aggregate of 126,800,000 shares had been successfully placed to six placees, at a price of HK$0.205 per share.

As all conditions of the Top-up Subscription had been fulfilled, the Company allotted and issued 126,800,000 shares to Gold Bless at HK$0.205 per share on 21 August 2013. The net proceeds from the Top-up Subscription amounted to approximately HK$25,420,000 and are intended to be used as working capital of the Group.

17. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSIONS AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Total revenue of approximately HK$169,711,000 was recorded by the Group during the six months ended 30 June 2013, as compared to approximately HK$192,572,000 for the same period in 2012. The drop in total revenue was due to the decline in orders ultimately from the United States and the PRC, which was mainly attributable to downside risks and uncertainties of the global economy. The slow recovery of the global economy from Eurozone debt crisis and the US fiscal cliff and the slow down of the growth momentum of China, being the world's second largest economy, further adversely affects the sentiment of the ultimate customers and compresses the business of the toys industry.

The gross profit margin of the Group has also been dropped from the previous period's 25.5% to that of 6.8% in the current period. During the first half of 2013, the macro-economic and operating environment continued to be plagued by the increase in the cost of raw materials and labor in the PRC. Besides, the performance of the Group's trading business in toys of popular animations and online-games, which accounted for most of the gross profit margin of the Group's business, was far beyond satisfactory due to the delay in the launching of certain animations and online-games. The Group expects uncertainties to persist in the second half of 2013. In light of this, management has taken a close look at the developments of the toys industry, and will take appropriate strategic measures to reshape the segments and markets of the Group's business when necessary.

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

The loss for the period attributable to equity holders of the Company amounted to approximately HK$9,065,000 in 2013 whilst it was a profit of approximately HK$11,487,000 in the same period in 2012. The loss was mainly attributable to the decrease of gross profit margin as explained above.

The Group would also like to point out that the trade receivables ageing period might seem long. Management has noted this and are taking proactive actions, including negotiations with the trade debtors for realistic and achievable repayment schedules, to collect the outstanding receivables. Based on the current repayment schedules, the Group has made a provision of HK$12,532,000 to account for the discounting effect of the time value of money because of the delay in settlement of the outstanding trade receivables. The Directors are confident to have most of the outstanding balances be collected in the foreseeable future.

THE MACRO-ECONOMIC ENVIRONMENT

Appreciation of Renminbi, increase in salaries, difficulties in labour recruitment and increase of production and material costs have put strain on the growth and profitability of the manufacturing industry. With the mounting pressure from Renminbi's appreciation, it is becoming increasingly difficult to derive profits from exports.

Besides, the toy industry is becoming more competitive. The profit margin becomes lower and the new products have shorter life cycles. To stand out in this environment, the Group must focus on producing innovative and creative products as well as cost control.

MANAGEMENT FORECAST AND PROSPECT

As a loss was recorded by the Group during the period, management is prudent on the Group's business development. Management has taken proactive and initiative approach in observing and analyzing about the prospects of the toys industry and will exercise caution towards new product developments to relieve cost pressures on the Group, until there is a substantial turnaround in the toys industry.

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2013, the Group held cash and bank balances of approximately HK$12,275,000 (31 December 2012: HK$37,475,000). Net current assets amounted to approximately HK$143,619,000 (31 December 2012: HK$165,354,000). Current ratio (defined as total current assets divided by total current liabilities) was approximately 1.77 times (31 December 2012: 1.85 times). The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 49.0% (31 December 2012: 49.2%). As at 30 June 2013, the carrying amounts and the principal amounts of the outstanding borrowings of the Group amounted to approximately HK$66,457,000 (31 December 2012: HK$44,618,000) and approximately HK$67,017,000 (31 December 2012: HK$46,895,000), respectively.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to foreign exchange risk, with most of the Group's assets and liabilities, revenue and expenditure denominated in Renminbi, U.S. dollars and Hong Kong dollars. As at 30 June 2013, the Group had insignificant exposure to foreign exchange risk as substantially all sales and purchases transactions, recognised assets and liabilities were primarily denominated in U.S. dollars, Hong Kong dollars and Renminbi.

CAPITAL STRUCTURE

During the year ended 31 December 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. There were outstanding convertible bonds in the principal amount of HK$24,420,000 which could be converted into 132,000,000 shares of the Company as at 30 June 2013. Besides, on 11 May 2012, the Company granted 65,800,000 share options to certain substantial shareholders, Directors and employees of the Group, which are still outstanding as at 30 June 2013.

On 25 June 2013, the Company entered into a placing agreement with a placing agent to place, on a best effort basis, up to 180,800,000 new shares of the Company at a price of HK$0.205 per share, which was subsequently terminated on 9 August 2013.

There were no changes in the capital structure of the Company during the six months ended 30 June 2013.

Subsequent to the end of the reporting period, on 9 August 2013, the Company entered into another Top-up Placing and Top-up Subscription Agreement with Gold Bless and the Placing Agent pursuant to which Gold Bless agreed to place, through the Placing Agent, on a best effort basis, up to 180,800,000 shares to at least six placees at a price of HK$0.205 per share. Pursuant to the Top-up Placing and Top-up Subscription Agreement, Gold Bless conditionally agreed to subscribe for a number of new shares equivalent to the number of shares actually placed by the Placing Agent.

The Top-up Placing and the Top-up Subscription were completed on 19 August 2013 and 21 August 2013 respectively in accordance with the terms and conditions of the Top-up Placing and Top-up Subscription Agreement in which an aggregate of 126,800,000 shares had been successfully placed to six placees, at a price of HK$0.205 per share.

As all conditions of the Top-up Subscription had been fulfilled, the Company allotted and issued 126,800,000 shares to Gold Bless at HK$0.205 per share on 21 August 2013. The net proceeds from the Top-up Subscription amounted to approximately HK$25,420,000 and are intended to be used as working capital of the Group.

CHARGES ON GROUP ASSETS

As at 30 June 2013, none of the Group's assets was pledged to secure any facilities and borrowings granted to the Group.

SIGNIFICANT ACQUISITION AND DISPOSAL OF ASSETS

During the year ended 31 December 2012, the Group acquired 55% equity interests of Tai Cheng International Limited ("Tai Cheng"), a company incorporated in Hong Kong at a consideration not in excess of HK$30,000,100. Tai Cheng is principally engaged in trading of toys in Hong Kong. The acquisition has provided an opportunity for the Group to expand its trading business and broaden its customer bases to different countries and regions.

On 2 May 2013, the Company entered into a memorandum of understanding with 內蒙古宏基房地產開發有限公司 (Neimenggu Hongji Property Development Limited*) (the "Vendor"), pursuant to which, the Company proposed to acquire 60% equity interests in 內蒙古宏基路橋投資發展有限公司 (Neimenggu Hongji Infrastructures Investment Development Limited*), which, according to the information of the Vendor, owns the entire interest of an approximately 87 kilometers toll road project connecting Fengzhen and Xinghe, and passing through Longshengzhuang, at Wulanchabu City, Inner Mongolia, the PRC, from the Vendor based on the terms and conditions to be agreed between the Company and the Vendor. As at the date of this announcement, management is still assessing the feasibility study of this proposed acquisition, and no formal agreement has been entered into between the parties involved.

There were no significant acquisition and disposal of assets during the six months ended 30 June 2013.

COMMITMENTS AND CONTINGENT LIABILITIES

The Group's commitments as at 30 June 2013 had been detailed in Note 14 to this announcement.

The Group had no material contingent liabilities as at 30 June 2013.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, the Group employed approximately 90 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 the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchase, sell or redeem any of the Company's securities listed on the Stock Exchange during the six months ended 30 June 2013.

CORPORATE GOVERNANCE

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

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. Save for the deviations from code provisions A.2.1 and A.6.7 which were explained below, the Company has been in compliance with all code provisions set out in the CG Code for the six months ended 30 June 2013.

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company has appointed Mr. Wong Man Keung, the chief executive officer of the Company, as the acting chairman of the Company, upon the resignation of Mr. Yang Wang Jian on 8 November 2012. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company, as the Board will meet regularly to consider major matters affecting the operations of the Group. The roles of the respective executive Directors and senior management of the Company who are in charge of different functions complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently until a suitable person is identified by the Board to be the chairman of the Company.

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

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Low Chin Sin (Chairman), Mr. Yeung King Wah, Kenneth and Mr. Wu Hong. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements and results of the Group for the six months ended 30 June 2013.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

During the six months ended 30 June 2013, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Directors, the Directors have confirmed their compliance with the required standard as set out in the Model Code during the six months ended 30 June 2013.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

* *For identification purposes only*

By order of the Board
Green International Holdings Limited
Wong Man Keung
Acting Chairman

Hong Kong, 30 August 2013

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