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 2014

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 2014 together with the comparative figures for the corresponding period in 2013. 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 2014

		Six months ended 30 June	
	Notes	**2014** ***HK$'000*** **(Unaudited)**	2013 *HK$'000* (Unaudited)
Revenue	*3*	**132,619**	169,711
Direct costs and operating expenses		**(124,771)**	(158,250)
Gross profit		**7,848**	11,461
Other income and gains	*4*	**672**	185
Selling expenses		**(11,493)**	(240)
Administrative expenses		**(22,071)**	(10,778)
Operating (loss)/profit	*5*	**(25,044)**	628
Finance costs, net	*6*	**(3,592)**	(3,833)
Loss before income tax		**(28,636)**	(3,205)
Income tax expense	*7*	**(836)**	(1,814)
Loss for the period		**(29,472)**	(5,019)

	Notes	Six months ended 30 June **2014** ***HK$'000*** **(Unaudited)**	2013 *HK$'000* (Unaudited)
(Loss)/Profit for the period attributable to:			
Equity holders of the Company		**(29,890)**	(9,065)
Non-controlling interests		**418**	4,046
		(29,472)	(5,019)
Loss per share for loss for the period attributable to the equity holders of the Company			
– Basic and diluted *(HK cents)*	*8*	**(2.22)**	(1.00)
Dividend	*9*	**–**	–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(29,472)**	(5,019)
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**659**	168
Total comprehensive expenses for the period	**(28,813)**	(4,851)
Total comprehensive (expenses)/income for the period attributable to:		
Equity holders of the Company	**(29,167)**	(9,014)
Non-controlling interests	**354**	4,163
	(28,813)	(4,851)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Notes	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*10*	**43,306**	19,574
Goodwill	*10*	**190,636**	29,759
Deposit paid for acquisition of subsidiaries	*17*	**–**	88,692
Deposit paid for establishment of an associated company	*11*	**25,110**	–
		259,052	138,025
Current assets			
Inventories		**2,476**	1,271
Trade receivables	*12*	**136,248**	282,610
Prepayments, deposits and other receivables		**12,946**	8,965
Amount due from a non-controlling shareholder of a subsidiary		**–**	3,764
Tax recoverable		**1,271**	1,271
Cash and cash equivalents		**78,197**	80,486
		231,138	378,367
Total assets		**490,190**	516,392
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	*13*	**12,711**	12,190
Share premium		**233,982**	208,389
Other reserves		**94,389**	22,629
Accumulated losses		**(62,343)**	(32,453)
		278,739	210,755
Non-controlling interests		**6,903**	6,580
Total equity		**285,642**	217,335

	Notes	**30 June 2014 HK$'000 (Unaudited)**	31 December 2013 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Convertible bonds	*14*	**66,442**	4,169
Contingent consideration payable	*15*	**6,627**	6,099
		73,069	10,268
Current liabilities			
Trade payables	*16*	**49,386**	144,956
Other payables, accruals and deposits received		**28,492**	18,332
Amount due to controlling shareholder		**52,781**	122,591
Tax payable		**820**	2,910
		131,479	288,789
Total liabilities		**204,548**	299,057
Total equity and liabilities		**490,190**	516,392
Net current assets		**99,659**	89,578
Total assets less current liabilities		**358,711**	227,603

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.

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

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 of the 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 on 28 August 2014.

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 2014 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 2013, 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.

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

Except as described in Notes 2.1(a) and 2.2(a), the accounting polices applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

(a) Accounting policies for clubhouse business

Revenue from the clubhouse business is recognised when the services have been provided to the customers. Prepayments from customers in respect of the membership schemes which are considered to be unearned at the reporting date are classified as receipts in advance and recognised within other payables, accruals and deposits received in the condensed consolidated statement of financial position.

Save as the above mentioned revenue recognition policy, all other significant accounting policies of the clubhouse business are consistent with those of the annual financial statements for the year ended 31 December 2013.

2.2 Application of new standards, amendments and interpretations

(a) Effect of adopting amendments and interpretations

The following amendments and interpretations are mandatory for the first time for the financial year beginning on 1 January 2014:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC)-Int 21	Levies

The adoption of these 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.

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

HKFRS 9	Financial instruments[4]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[2]
HKFRS 14	Regulatory deferral accounts[2]
HKFRS 15	Revenue from contracts with customers[3]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[2]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 Cycle[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 Cycle[1]

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2017
[4] Effective for annual periods beginning on or after 1 January 2018

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

3. REVENUE AND SEGMENT INFORMATION

The Group primarily operates in Hong Kong and the People's Republic of China (the "PRC"). The Group's operating businesses are structured and managed separately according to the nature of their operations and the products or services they provide. Each of the Group's business segments represent a strategic business unit that offers products or services which are subject to risks and returns that are different from those of the other business segments. The Group's business segments are as follows:

(a) the toys business segment engages in the manufacturing and trading of recreational and educational toys and equipment; and

(b) the clubhouse business segment engages in the operation of clubhouse business (Note 17).

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.

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

Segment results are presented as operating profit or loss.

Revenue of the Group by operating segments and geographical regions is as follows:

Six months ended 30 June 2014	**Toys business** *HK$'000* **(Unaudited)**	**Clubhouse business** *HK$'000* **(Unaudited)**	**Consolidated** *HK$'000* **(Unaudited)**
Hong Kong	**1,242**	**–**	**1,242**
The PRC	**2,326**	**8,461**	**10,787**
Europe	**46,737**	**–**	**46,737**
Japan	**70,003**	**–**	**70,003**
South America	**647**	**–**	**647**
North America	**932**	**–**	**932**
Australia	**2,271**	**–**	**2,271**
	124,158	**8,461**	**132,619**

Six months ended 30 June 2013	Toys business *HK$'000* (Unaudited)	Clubhouse business *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Hong Kong	6,146	–	6,146
The PRC	1,605	–	1,605
Europe	44,256	–	44,256
Japan	105,860	–	105,860
North America	9,587	–	9,587
Australia	1,714	–	1,714
Others	543	–	543
	169,711	–	169,711

Revenue is allocated based on the geographical locations in which customers are located and the geographical locations of operations for toys business segment and clubhouse business segment, respectively. During the six months ended 30 June 2014, revenue of approximately HK$109,755,000 (six months ended 30 June 2013: HK$137,811,000) were derived from 2 major customers (six months ended 30 June 2013: 2 customers) who individually account for more than 10% of the total revenue.

Results by operating segments are as follows:

	Six months ended 30 June	
	2014 *HK$'000* **(Unaudited)**	2013 *HK$'000* (Unaudited)
Toys business	**(4,003)**	8,318
Clubhouse business	**(10,826)**	–
Total net operating (loss)/profit by operating segments	**(14,829)**	8,318
Unallocated corporate expenses, net	**(10,215)**	(7,690)
Finance costs, net	**(3,592)**	(3,833)
Loss before income tax	**(28,636)**	(3,205)
Income tax expense	**(836)**	(1,814)
Loss for the period	**(29,472)**	(5,019)

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

At 30 June 2014	**Toys business** *HK$'000* **(Unaudited)**	**Clubhouse business** *HK$'000* **(Unaudited)**	**Consolidated** *HK$'000* **(Unaudited)**
Hong Kong	**29,824**	**–**	**29,824**
The PRC	**26,853**	**176,366**	**203,219**
	56,677	**176,366**	**233,043**
Unallocated corporate assets			**899**
Deposit paid for establishment of an associated company			**25,110**
			259,052

At 31 December 2013	Toys business *HK$'000* (Audited)	Clubhouse business *HK$'000* (Audited)	Consolidated *HK$'000* (Audited)
Hong Kong	29,910	–	29,910
The PRC	19,076	88,691	107,767
	48,986	88,691	137,677
Unallocated corporate assets			348
			138,025

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

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

Six months ended 30 June 2014	**Toys business** *HK$'000* **(Unaudited)**	**Clubhouse business** *HK$'000* **(Unaudited)**	**Consolidated** *HK$'000* **(Unaudited)**
Hong Kong	**12**	**–**	**12**
The PRC	**7,983**	**49**	**8,032**
	7,995	**49**	**8,044**
Unallocated corporate capital expenditures			**695**
Deposit paid for establishment of an associated company			**25,110**
			33,849

Six months ended 30 June 2013	Toys business *HK$'000* (Unaudited)	Clubhouse business *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Hong Kong	3	–	3
The PRC	17,478	–	17,478
	17,481	–	17,481
Unallocated corporate capital expenditures			–
			17,481

Capital expenditures are allocated based on their geographical locations.

4. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Exchange gain	**541**	146
Sundry income	**131**	39
	672	185

5. OPERATING LOSS/PROFIT

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

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment *(Note 10)*	**2,972**	698

6. FINANCE COSTS, NET

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income on bank deposits	**(38)**	(10)
Fair value change of contingent consideration payable *(Note 15)*	**528**	1,273
Interest expenses		
– Amount due to controlling shareholder	**444**	207
– Other borrowings due within 1 year	**–**	35
– Convertible bonds *(Note 14)*	**2,658**	2,328
	3,592	3,833

7. INCOME TAX EXPENSE

Hong Kong profits tax and PRC Enterprise Income Tax have been provided at the rate of 16.5% (six months ended 30 June 2013: 16.5%) and 25% (six months ended 30 June 2013: 25%), respectively, on the estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof.

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

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current taxation		
– Hong Kong profits tax	**845**	1,812
– PRC Enterprise Income Tax	**1**	2
	846	1,814
Write back of over-provision in respect of prior years		
– Hong Kong profits tax	**(10)**	–
	836	1,814

8. LOSS PER SHARE

Basic

The calculation of basic loss per share is based on the consolidated loss for the period attributable to the equity holders of the Company of approximately HK$29,890,000 (six months ended 30 June 2013: HK$9,065,000) and on the weighted average number of 1,348,588,586 (six months ended 30 June 2013: 904,007,900) ordinary shares in issue during the period, after taking into consideration of the mandatorily convertible bonds issued on 30 January 2014 as partial satisfaction of the consideration for the acquisition of a clubhouse business (Note 14(c)).

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Loss for the period attributable to the equity holders of the Company *(HK$'000)*	**(29,890)**	(9,065)
Weighted average number of ordinary shares in issue *(thousands)*	**1,348,589**	904,008
Basic loss per share *(HK cents)*	**(2.22)**	(1.00)

Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding (after taking into consideration of the mandatorily convertible bonds as mentioned above) to assume exercise/conversion of all dilutive potential ordinary shares (excluding shares issuable upon the conversion of the mandatorily convertible bonds as mentioned above). The Company has 3 categories of dilutive potential ordinary shares: share options (Note 13(b)), convertible bonds (Note 14) and convertible bonds issuable for the acquisition of Tai Cheng International Limited in 2012 (the "Tai Cheng CB") (Note 15).

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

For the convertible bonds and the Tai Cheng CB, they are assumed to have been converted into ordinary shares, and the loss for the 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.

The computation of diluted loss per share for the six months ended 30 June 2014 did not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share. The computation of diluted loss per share for the six months ended 30 June 2013 did not assume the exercise of the Company's outstanding share options because the exercise price of the Company's share options was higher than the average market price during the period.

The computation of diluted loss per share for the six months ended 30 June 2014 and 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.

9. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

10. PROPERTY, PLANT AND EQUIPMENT AND GOODWILL

Net book value	**Property, plant and equipment** *HK$'000* (Unaudited)	**Goodwill** *HK$'000* (Unaudited)
At 1 January 2013	3,577	31,446
Additions	11,214	–
Depreciation *(Note 5)*	(698)	–
Exchange realignment	65	36
At 30 June 2013	14,158	31,482
Additions	7,176	–
Depreciation	(648)	–
Provision for impairment	(1,128)	(1,744)
Exchange realignment	16	21
At 31 December 2013	**19,574**	**29,759**
Additions	**8,739**	**–**
Acquisition of subsidiaries *(Note 17)*	**18,436**	**160,877**
Depreciation *(Note 5)*	**(2,972)**	**–**
Exchange realignment	**(471)**	**–**
At 30 June 2014	**43,306**	**190,636**

As at 30 June 2014, the Directors determined that there was no event that indicated that the carrying amount of each cash generating unit may not be recoverable. As a result, no impairment on goodwill is recognised.

The Directors have performed an impairment review of the carrying amount of goodwill as at 31 December 2013 and have concluded that an impairment charge of approximately HK$1,744,000 arose in a cash generating unit from the toys business segment, resulting in the carrying amount of the related goodwill being fully written off.

As at 30 June 2014 and 31 December 2013, none of the property, plant and equipment were pledged for any facilities granted to the Group.

11. DEPOSIT PAID FOR ESTABLISHMENT OF AN ASSOCIATED COMPANY

Green Capital (Hong Kong) Limited ("Green Capital"), a wholly owned subsidiary of the Company, paid RMB20,000,000 (equivalent to approximately HK$25,110,000) in June 2014 for 20% equity interests in a company to be established at Qianhai, Shenzhen, the PRC, to be engaged in the provision of internet finance services.

12. TRADE RECEIVABLES

	30 June 2014	31 December 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**177,626**	323,988
Less: Provision for discount on past due balances	**(41,378)**	(41,378)
	136,248	282,610

The Group's trade receivables are generally with credit periods of 90 days (31 December 2013: 90 days). The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history to minimise 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 dates, as at 30 June 2014 and 31 December 2013 were as follows:

	30 June 2014	31 December 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**8,484**	39,806
31 – 60 days	**11,407**	38,278
61 – 90 days	**976**	7,929
91 – 180 days	**841**	3,088
Over 180 days	**155,918**	234,887
	177,626	323,988

Management assessed the credit quality of those trade receivables of approximately HK$20,867,000 (31 December 2013: HK$86,013,000) that are neither past due nor impaired by reference to the repayment history and current financial position of those customers. Those receivables are related to individual customers for whom there was no recent history of default and no significant change in credit quality. Management believes that no provision for impairment is necessary and those balances are expected to be fully recoverable.

As at 30 June 2014, trade receivables of approximately HK$156,759,000 (31 December 2013: HK$237,975,000) were past due but not impaired. These relate to customers for whom there have been settlements during the period. The ageing analysis of these trade receivables is as follows:

	30 June 2014	31 December 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
91 – 180 days	**841**	3,088
Over 180 days	**155,918**	234,887
	156,759	237,975

Since there have been settlements from these customers, the Directors are optimistic to have most of the outstanding balances be collected in the foreseeable future.

The Group has made a total provision of approximately HK$41,378,000 to account for the discounting effect of the time value of money because of the delay in settlements of the outstanding trade receivables.

13. SHARE CAPITAL

Authorised

	Number of shares	**Nominal value**
		HK$'000
At 1 January 2013, 30 June 2013, 1 January 2014 and 30 June 2014, ordinary shares of HK$0.01 each	**4,000,000,000**	**40,000**

Issued and fully paid

	Number of shares	**Nominal value**
		HK$'000
At 1 January 2013 and 30 June 2013	904,007,900	9,040
Issue of shares upon completion of a top-up placing and top-up subscription *(Note (a)(i))*	126,800,000	1,268
Issue of shares upon completion of a top-up placing and top-up subscription *(Note (a)(ii))*	54,000,000	540
Issue of shares upon conversion of convertible bonds *(Note (a)(iii))*	134,175,824	1,342
At 1 January 2014	**1,218,983,724**	**12,190**
Issue of shares upon exercise of share options *(Note (a)(iv) and (b))*	**1,000,000**	**10**
Issue of shares upon conversion of convertible bonds *(Note (a)(v))*	**51,080,000**	**511**
At 30 June 2014	**1,271,063,724**	**12,711**

Notes:

(a) Issue of new shares

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

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

(iii) On 7 November 2013, certain outstanding convertible bonds with an aggregate principal amount of HK$24,420,000 were converted into the shares of the Company at a conversion price of HK$0.182 per share (as adjusted from HK$0.185 per share to reflect the top-up placing and top-up subscription as detailed in (i) above) and, accordingly, the Company allotted and issued a total of 134,175,824 shares to the convertible bond holders (Note 14(a)).

(iv) On 16 January 2014, 1,000,000 shares options granted under the share option scheme (as detailed in Note (b)) were exercised at an exercise price of HK$0.37 per share and, accordingly, the Company allotted and issued 1,000,000 shares to the grantee.

(v) On 18 February 2014, certain outstanding convertible bonds with an aggregate principal amount of HK$25,540,000 were converted into the shares of the Company at a conversion price of HK$0.50 per share and, accordingly, the Company allotted and issued a total of 51,080,000 shares to the convertible bond holders (Note 14(c)).

(b) Share option scheme

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

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

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

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

(iii) On 16 January 2014, 1,000,000 shares options were exercised at an exercise price of HK$0.37 per share and, accordingly, the Company allotted and issued 1,000,000 shares to the grantee.

(iv) Subsequent to the end of the reporting period, due to the completion of an open offer on 19 August 2014 (Note 20(b)), the exercise price of the share options was adjusted from HK$0.37 per share to HK$0.32 per share with effect from 19 August 2014 (Note 20(c)).

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

	2014		2013	
	Average exercise price per share *HK$*	**Number of share options**	Average exercise price per share *HK$*	Number of share options
At 1 January	**0.37**	**63,800,000**	0.37	65,800,000
Exercised	**0.37**	**(1,000,000)**	–	–
At 30 June	**0.37**	**62,800,000**	0.37	65,800,000
At 1 July			0.37	65,800,000
Lapsed			0.37	(2,000,000)
At 31 December			0.37	63,800,000

14. CONVERTIBLE BONDS

The liability components of the convertible bonds recognised in the condensed consolidated statement of financial position were calculated as follows:

	2011 CB *HK$'000* (Unaudited)	**1st Tai Cheng CB** *HK$'000* (Unaudited)	**Big Point CB** *HK$'000* (Unaudited)	**Shanghai Zhenrong CB** *HK$'000* (Unaudited)	**Ms. You CB** *HK$'000* (Unaudited)	**Total** *HK$'000* (Unaudited)
At 1 January 2013	22,143	–	–	–	–	22,143
Interest expenses *(Note 6)*	2,328	–	–	–	–	2,328
Interest paid	(611)	–	–	–	–	(611)
At 30 June 2013	23,860	–	–	–	–	23,860
Issue of convertible bonds	–	4,075	–	–	–	4,075
Right of conversion exercised by bondholders	(24,420)	–	–	–	–	(24,420)
Interest expenses	1,170	94	–	–	–	1,264
Interest paid	(610)	–	–	–	–	(610)
At 31 December 2013	**–**	**4,169**	**–**	**–**	**–**	**4,169**
Issue of convertible bonds	**–**	**–**	**76,620**	**50,000**	**30,000**	**156,620**
Direct issue costs	**–**	**–**	**–**	**(140)**	**(84)**	**(224)**
Equity component on initial recognition	**–**	**–**	**(76,620)**	**(12,725)**	**(7,436)**	**(96,781)**
Right of conversion exercised by bondholders	**–**	**–**	**–**	**–**	**–**	**–**
Interest expenses *(Note 6)*	**–**	**295**	**–**	**1,425**	**938**	**2,658**
At 30 June 2014	**–**	**4,464**	**–**	**38,560**	**23,418**	**66,442**

Convertible bonds issued by the Group and outstanding during the periods were as follows:

(a) On 7 November 2011, the Company placed, through a placing agent, convertible bonds in the aggregate principal amount of HK$85,100,000 (the "2011 CB") of which HK$63,825,000 in aggregate principal amount were placed to Gold Bless and the remaining balance of HK$21,275,000 were subscribed by independent holders. The 2011 CB was denominated in Hong Kong dollars, unsecured, borne interest at 5% per annum which was payable on a quarterly basis and was matured on 7 November 2013. The 2011 CB was convertible into the shares of the Company at the holder's option before maturity at an initial conversion price of HK$0.185 per share which was subsequently adjusted to HK$0.182 per share with effect from 21 August 2013 as a result of the completion of a top-up placing and top-up subscription on 21 August 2013 (Note 13(a)(i)). The effective interest rate of the 2011 CB was 23.24% per annum. The proceeds were used for the group restructuring completed on 7 November 2011 and as working capital of the Group.

The 2011 CB with an aggregate principal amount of HK$60,680,000 were converted into 328,000,000 shares of the Company in 2011 and 2012. The remaining 2011 CB in the principal amount of HK$24,420,000 were converted into 134,175,824 shares of the Company on the maturity date (Note 13(a)(iii)).

(b) Pursuant to the sale and purchase agreement to the acquisition of Tai Cheng International Limited (Note 15), the Company issued the first tranche of the Tai Cheng CB on 29 October 2013 in an aggregate principal amount of HK$6,163,639 (the "1st Tai Cheng CB") to Hong Kong Tai Shing Toys Trading Limited. The 1st Tai Cheng CB is denominated in Hong Kong dollars, unsecured, interest-free and will be matured on 29 October 2016. The 1st Tai Cheng CB is convertible into the shares of the Company at the holder's option before maturity at an initial conversion price of HK$0.50 per share (subject to adjustments). The effective interest rate of the 1st Tai Cheng CB was 17.90% per annum.

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

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

(d) On 14 January 2014, the Company entered into two separate subscription agreements with two subscribers respectively in relation to the issue of convertible bonds in an aggregate principal amount of HK$80,000,000. The first subscriber, Shanghai Zhenrong Petroleum Co., Ltd ("Shanghai Zhenrong"), subscribed for the convertible bonds in the principal amount of HK$50,000,000 (the "Shanghai Zhenrong CB") and the second subscriber, Ms. You Xia ("Ms. You"), subscribed for the convertible bonds in the principal amount of HK$30,000,000 (the "Ms. You CB"). The Shanghai Zhenrong CB and the Ms. You CB are denominated in Hong Kong dollars, unsecured, bear interest at 5% per annum and will be matured on the date falling on the third anniversary of the issue of the convertible bonds. Interest will be payable on the maturity date if these convertible bonds are neither converted nor redeemed prior to the maturity date. These convertible bonds are convertible into shares of the Company at the holder's option before maturity at an initial conversion price of HK$0.50 per share (subject to adjustments). The effective interest rates of the Shanghai Zhenrong CB and the Ms. You CB were 15.59% and 15.24% per annum respectively.

The proceeds is intended to be used for partial repayment of amount due to the controlling shareholder, operations of the clubhouse business acquired on 30 January 2014 (Note 17) and as working capital of the Group.

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

Subsequent to the end of the reporting period, the Ms. You CB was transferred to Gold Bless on 18 July 2014, and was converted into 60,000,000 shares of the Company on the same date.

Subsequent to the end of the reporting period, due to the completion of an open offer on 19 August 2014 (Note 20(b)), the conversion prices of the 1st Tai Cheng CB, the Big Point CB and the Shanghai Zhenrong CB were adjusted from HK$0.50 per share to HK$0.43 per share with effect from 19 August 2014 (Note 20(c)).

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

15. CONTINGENT CONSIDERATION PAYABLE

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

Pursuant to the sale and purchase agreement, contingent consideration payable in aggregate not exceeding HK$30,000,000 (the remaining consideration of HK$100 was settled in cash) shall be settled by the issue of the Tai Cheng CB in 3 tranches of not exceeding HK$10,000,000 each for each financial year ended 31 December 2012, 2013 and 2014 respectively.

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

The Tai Cheng CB, if issued, will be denominated in Hong Kong dollars, unsecured, interest free, will mature on the date falling on the third anniversary of the date of issue and will be convertible into the shares of the Company at an initial conversion price of HK$0.50 per share (subject to adjustments). The Company issued the first tranche of the Tai Cheng CB on 29 October 2013 in an aggregate principal amount of HK$6,163,639 (Note 14(b)).

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

The fair value of the liability component of the contingent consideration payable was initially recognised at the date of acquisition at approximately HK$13,267,000 by using the discounted cash flow model. The fair value estimates were based on assumed discount rates ranging from 17.90% to 18.15% and the Directors' expectation on the amount of the Tai Cheng CB to be issued. This liability component was subsequently measured as at 30 June 2014 at fair value of approximately HK$6,627,000 (31 December 2013: HK$6,099,000), with increase in fair value of approximately HK$528,000 (six months ended 30 June 2013: HK$1,273,000) recognised within finance costs, net (Note 6) in the condensed consolidated income statement.

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

	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
At 1 January	**6,099**	14,761
Fair value change *(Note 6)*	**528**	1,273
At 30 June	**6,627**	16,034
At 1 July		16,034
Fair value change		(5,860)
Issue of the 1st Tai Cheng CB *(Note 14(b))*		(4,075)
At 31 December		6,099

The equity component of the contingent consideration payable, which represents the value of the equity conversion option, was initially recognised in the amount of approximately HK$16,733,000. As at 30 June 2014, the equity component of the contingent consideration payable amounting to approximately HK$6,873,000 (31 December 2013 : HK$6,873,000), is included in equity within other reserves.

16. TRADE PAYABLES

The ageing analysis of trade payables, based on invoice dates, as at 30 June 2014 and 31 December 2013 were as follows:

	30 June 2014	31 December 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**11,105**	49,443
31 – 60 days	**18,989**	72,692
61 – 90 days	**16,367**	7,120
91 days – 1 year	**2,925**	1,372
Over 1 year	**–**	14,329
	49,386	144,956

The carrying amounts of trade payables approximate their fair values.

17. ACQUISITION OF SUBSIDIARIES

On 16 December 2013, the Company, Green Capital, China Real Estates and Mr. Tang Ho Ka ("Mr. Tang", one of the shareholders of China Real Estates) entered into a sale and purchase agreement pursuant to which Green Capital has conditionally agreed to purchase the 100% equity interests of Big Point, a company incorporated in Hong Kong, from China Real Estates at a total consideration of RMB130,000,000, out of which RMB70,000,000 will be settled in cash and the remaining consideration of RMB60,000,000 (equivalent to HK$76,620,000) will be settled by the issue of the Big Point CB (Note 14(c)).

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

Pursuant to the terms of the sale and purchase agreement, on 26 December 2013, a deposit of RMB70,000,000 (equivalent to approximately HK$88,692,000) was paid to a designated nominee of China Real Estates. The acquisition was subsequently completed on 30 January 2014, and the Big Point CB was issued to China Real Estates on 30 January 2014 as final payment of the consideration of the acquisition (Note 14(c)).

On completion of the acquisition, Mr. Tang and 深圳市寶渝貿易有限公司 (Shenzhen Baoyu Trading Co., Ltd.*, a company controlled by Mr. Tang's spouse) assigned the indebtedness owed by Dijia Restaurant to them in the respective amounts of approximately RMB19,234,000 and RMB12,582,000 (collectively equivalent to approximately HK$40,788,000) to a subsidiary of the Company at nominal considerations of RMB1 each. Also, subsequent to the completion of the acquisition, on 28 February 2014, Mr. Tang assigned the indebtedness owed by Dijia Restaurant to him in the amount of approximately RMB1,283,000 (equivalent to approximately HK$1,625,000) to a subsidiary of the Company at a nominal consideration of RMB1.

The following table summarises the recognised fair values of the consideration for the acquisition of Big Point and its subsidiaries, the assets acquired and liabilities assumed.

	Fair values recognised *HK$'000* **(Unaudited)**
Purchase consideration	
– Cash deposit paid in prior year on 26 December 2013	**88,692**
– Big Point CB issued on completion of acquisition	**76,620**
– Indebtedness assigned to the Group	**(42,413)**
Total purchase consideration	**122,899**
Identifiable assets acquired and liabilities assumed on acquisition date	
Property, plant and equipment *(Note 10)*	**18,436**
Inventories	**1,042**
Trade receivables	**208**
Prepayments, deposits and other receivables	**2,765**
Cash and cash equivalents	**906**
Trade payables	**(3,009)**
Other payables, accruals and deposits received	**(17,569)**
Amount due to a fellow subsidiary	**(40,788)**
Total identifiable net liabilities assumed	**(38,009)**
Non-controlling interests	**31**
Goodwill *(Note 10)*	**160,877**
	122,899

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

	Fair value recognised on acquisition *HK$'000* **(Unaudited)**
Cash and cash equivalents acquired	**906**
Less: Consideration satisfied by cash in the current period	**–**
Net cash inflow on acquisition of subsidiaries in the current period	**906**

18. COMMITMENTS

(a) Capital commitments

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

	30 June 2014 ***HK$'000*** **(Unaudited)**	31 December 2013 *HK$'000* (Audited)
Contracted but not provided for:		
– Construction of plant	**–**	1,053

(b) Operating lease commitments

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

	30 June 2014 ***HK$'000*** **(Unaudited)**	31 December 2013 *HK$'000* (Audited)
Not later than 1 year	**11,486**	4,600
Later than 1 year but not later than 5 years	**50,455**	2,018
	61,941	6,618

None of the leases include contingent rentals.

19. CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2014 and 31 December 2013.

20. SUBSEQUENT EVENTS

(a) On 18 July 2014, the Ms. You CB was transferred to Gold Bless, and was converted into 60,000,000 shares of the Company on the same date (Note 14(d)).

(b) On 5 June 2014, the Company proposed to raise no less than approximately HK$171,600,000 and no more than approximately HK$187,400,000 (representing not less than 381,319,117 offer shares and not more than 416,407,117 offer shares), before expenses, by way of an open offer on the basis of 3 offer shares for every 10 shares held on the record date at the subscription price of HK$0.45 per offer share (the "Open Offer"). The Open Offer also includes the issue of the bonus warrants on the basis of 2 bonus warrants for every 3 offer shares taken up under the Open Offer.

The Company and Gold Bless (as the underwriter) entered into an underwriting agreement on the same date in relation to the Open Offer and the bonus warrants, which was subsequently supplemented by a supplemental agreement dated 8 July 2014, whereas the proposed Open Offer no longer include the issue of bonus warrants on the basis of 2 bonus warrants for every 3 offer shares taken up under the Open Offer.

The Open Offer was completed on 19 August 2014, and a total of 399,319,117 shares of the Company were allotted and issued to the shareholders of the Company. The net proceeds from the Open Offer is approximately HK$177,700,000 and is intended to be used for potential acquisitions and investments and as working capital of the Group.

(c) Pursuant to the terms and conditions of the Share Option Scheme (Note 13(b)) and the 1st Tai Cheng CB (Note 14(b)), the Big Point CB (Note 14(c)) and the Shanghai Zhenrong CB (Note 14(d)) (which were outstanding when the Open Offer was completed), the exercise price of the share options and the conversion prices of the 1st Tai Cheng CB, the Big Point CB and the Shanghai Zhenrong CB were adjusted as follows with effect from 19 August 2014 (immediately after the completion of the Open Offer):

	Exercise/ conversion price immediately before the completion of the Open Offer *HK$*	**Exercise/ conversion price immediately after the completion of the Open Offer** *HK$*
Share options	0.37	0.32
1st Tai Cheng CB	0.50	0.43
Big Point CB	0.50	0.43
Shanghai Zhenrong CB	0.50	0.43

21. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSIONS AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Following the acquisition of a clubhouse business on 30 January 2014 (detailed in Note 17 to this announcement), the Group was principally engaged in the manufacturing and trading of recreational and educational toys and equipment and operation of clubhouse business. Total revenue of approximately HK$132,619,000 was recorded by the Group during the six months ended 30 June 2014, as compared to approximately HK$169,711,000 for the same period in 2013. Excluding the contribution from the clubhouse business segment in the current period, revenue arising from the toys business segment was approximately HK$124,158,000.

The drop in revenue from the toys business segment was due to the decline in orders ultimately from Japan, 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 further adversely affects the sentiment of the customers and compresses the business of the toys industry.

On 30 January 2014, the Group completed the acquisition of Big Point and its subsidiaries, which were principally engaged in operation of clubhouse business. The clubhouse business is loss-making and the Group is undergoing assessment for rebranding and repositioning of the clubhouse. "Health and Wellness" will be the principal theme of the clubhouse. In view of the continuous economic growth in the PRC and increasing spending power of the residents and visitors of Shenzhen, the Directors are confident of the prospects of the clubhouse business in the PRC, in particular in the well-developed cities such as Shenzhen.

The overall gross profit margin of the Group has also dropped from the previous period's 6.8% to that of 5.9% in the current period. During the first half of 2014, 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, due to the increasingly competitive market, it has become more difficult and costly to solicit orders from the toys business segment. The Group expects uncertainties to persist in the second half of 2014. In light of this, management has taken a close look at the developments of the toys business and clubhouse business segments, 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.

During the six months ended 30 June 2014, the loss for the period attributable to equity holders of the Company amounted to approximately HK$29,890,000 whilst it was approximately HK$9,065,000 in the same period in 2013. The increase was mainly attributable to the decrease of gross profit margin as explained above, the start-up costs for the establishment of new production facilities at Guangxi, the PRC, and the operating loss of approximately HK$10,826,000 arising from the clubhouse business segment which was acquired by the Group in January 2014.

The Group would also like to point out that the trade receivables ageing period might seem long. Management has noted this and is taking proactive measures in chasing the repayments from the customers which include, among other things, (a) liaison with the customers for repayment schedules; (b) close chasing and monitoring of the settlement amounts; and (c) tightening controls over the credit terms granted to customers in respect of new transactions. The Group will closely follow up with the customers in relation to the repayments and the Directors consider it is unlikely that the trade receivables will not be recovered as approximately HK$81,050,000 trade receivables that were past due were settled during the period. The Directors are optimistic to have most of the outstanding balances be collected in the foreseeable future.

Increase in salaries, difficulties in labour recruitment and increase of production and material costs have put strain on the growth and profitability of the Group's different business segments. Besides, the toys business and clubhouse business are becoming more competitive. The profit margin becomes lower, the new products have shorter life cycles and the customers have more choices. To stand out in this environment, the Group must focus on producing innovative and creative products, providing services of higher qualities as well as cost control.

As a loss was recorded by the Group during the reporting period, management is prudent on the Group's business development. Management has taken proactive and initiative approach in observing and analyzing the prospects of the different business segments and will exercise caution towards new developments to relieve cost pressures on the Group.

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.

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, the Group held cash and bank balances of approximately HK$78,197,000 (31 December 2013: HK$80,486,000). Net current assets amounted to approximately HK$99,659,000 (31 December 2013: HK$89,578,000). Current ratio (defined as total current assets divided by total current liabilities) was approximately 1.76 times (31 December 2013: 1.31 times). The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 41.7% (31 December 2013: 57.9%). As at 30 June 2014, the carrying amounts and the principal amounts of the outstanding borrowings of the Group amounted to approximately HK$119,223,000 (31 December 2013: HK$126,760,000) and approximately HK$183,861,000 (31 December 2013: HK$128,755,000), respectively. The mandatorily convertible Big Point CB with outstanding principal amount of HK$51,080,000 was included in the principal amounts of the outstanding borrowings of the Group.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to foreign exchange risk, as most of the Group's assets and liabilities, revenue and expenditure are denominated in Renminbi, U.S. Dollars and Hong Kong Dollars. As at 30 June 2014, the Group had insignificant exposure to foreign exchange risk as substantially all sales and purchases transactions, recognised assets and liabilities were primarily denominated in Renminbi, U.S. Dollars and Hong Kong Dollars which are currencies with a certain degree of stability.

CAPITAL STRUCTURE

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

On 30 January 2014, pursuant to the sale and purchase agreement to the acquisition of Big Point, the Company issued the Big Point CB in an aggregate principal amount of HK$76,620,000 to China Real Estates as partial satisfaction of the consideration which is convertible into, at HK$0.50 per share (subject to adjustments), 153,240,000 shares of the Company. Certain of the Big Point CB in the principal amount of HK$25,540,000 were converted into 51,080,000 shares of the Company on 18 February 2014.

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

On 5 June 2014, the Company proposed to raise no less than approximately HK$171,600,000 and no more than approximately HK$187,400,000 (representing not less than 381,319,117 offer shares and not more than 416,407,117 offer shares), before expenses, by way of the Open Offer on the basis of 3 offer shares for every 10 shares held on the record date at the subscription price of HK$0.45 per offer share. The Open Offer also includes the issue of the bonus warrants on the basis of 2 bonus warrants for every 3 offer shares taken up under the Open Offer.

The Company and Gold Bless (as the underwriter) entered into the underwriting agreement on the same date in relation to the Open Offer and the bonus warrants, which was subsequently supplemented by a supplemental agreement dated 8 July 2014, whereas the proposed Open Offer no longer include the issue of bonus warrants on the basis of 2 bonus warrants for every 3 offer shares taken up under the Open Offer.

The Open Offer was completed on 19 August 2014, and a total of 399,319,117 shares of the Company were allotted and issued to the shareholders of the Company. The net proceeds from the Open Offer is approximately HK$177,700,000 and is intended to be used for potential acquisitions and investments and as working capital of the Group.

Save as the disclosure herein, there were no changes in the capital structure of the Company during the six months ended 30 June 2014.

Subsequent to the end of the reporting period, the Ms. You CB was transferred to Gold Bless on 18 July 2014, and was converted into 60,000,000 shares of the Company on the same date.

There were outstanding convertible bonds in the aggregate principal amounts of HK$137,244,000 and HK$107,244,000 as at 30 June 2014 and the date of this announcement which are convertible into shares of the Company.

Besides, on 11 May 2012, the Company granted 65,800,000 share options to certain substantial shareholders, Directors and employees of the Group, of which 62,800,000 share options were still outstanding as at 30 June 2014.

Pursuant to the terms and conditions of the Share Option Scheme and relevant convertible bonds which were outstanding when the Open Offer was completed, the exercise price of the share options, the conversion prices of the 1st Tai Cheng CB, the Big Point CB and the Shanghai Zhenrong CB and the numbers of shares to be allotted and issued upon full exercise of their conversion rights were adjusted as follows with effect from 19 August 2014 (immediately after the completion of the Open Offer):

	Exercise/ conversion price as at 30 June 2014 *HK$*	**Numbers of shares to be allotted and issued as at 30 June 2014**	**Exercise/ conversion price with effect from 19 August 2014** *HK$*	**Numbers of shares to be allotted and issued with effect from 19 August 2014**
Share options	0.37	62,800,000	0.32	62,800,000
1st Tai Cheng CB	0.50	12,327,278	0.43	14,334,044
Big Point CB	0.50	102,160,000	0.43	118,790,697
Shanghai Zhenrong CB	0.50	100,000,000	0.43	116,279,069
Ms. You CB	0.50	60,000,000	N/A	N/A

CHARGES ON GROUP ASSETS

As at 30 June 2014, none of the Group's assets was pledged to secure any facilities and borrowings granted to the Group.

SIGNIFICANT ACQUISITION AND DISPOSAL OF ASSETS

Save for the Group's acquisition of 100% equity interest of Big Point which was completed on 30 January 2014, details of which are stated in Note 17 to this announcement, there were no significant acquisition and disposal of assets during the six months ended 30 June 2014.

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

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

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

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

Each of the above memorandums of understanding shall be valid for 1 year from the date of its execution (except for the memorandum of understanding regarding Hong Kong Net TV be valid for 6 months), within which parties to the respective memorandums of understanding shall not negotiate or enter into any documents with other third parties in relation to projects or business equivalent or similar to those stipulated in the respective memorandums of understanding.

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

COMMITMENTS AND CONTINGENT LIABILITIES

The Group's capital and operating lease commitments as at 30 June 2014 were detailed in Note 18 to this announcement.

The Group had no material contingent liabilities as at 30 June 2014.

EMPLOYEES AND REMUNERATION POLICY

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

As at 30 June 2014, the Group employed approximately 310 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing its employees with adequate and regular trainings. The Group remunerates its directors and employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2014.

OTHER INFORMATION

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 2014.

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 provision A.6.7 which is 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 2014.

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. Three independent non-executive Directors and one non-executive Director did not attend the extraordinary general meeting held on 29 January 2014, and three independent non-executive Directors and one non-executive Director did not attend the extraordinary general meeting held on 17 February 2014 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 2014 and this announcement.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

During the six months ended 30 June 2014, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Directors, the Directors have confirmed their compliance with the required standard as set out in the Model Code during the six months ended 30 June 2014.

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 2014 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 2014.

* *For identification purposes only*

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

Hong Kong, 28 August 2014

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