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 2015

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 2015 together with the comparative figures for the corresponding period in 2014. The unaudited condensed consolidated interim results have been reviewed by the Company's audit committee (the "Audit Committee").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**16,231**	132,619
Direct costs and operating expenses		**(7,556)**	(124,771)
Gross profit		**8,675**	7,848
Other income and gains	*4*	**762**	672
Gain on bargain purchase on acquisition of subsidiaries	*16(a)*	**36,918**	–
Selling expenses		**(15,164)**	(11,493)
Administrative expenses		**(25,639)**	(22,071)
Operating profit/(loss)	*5*	**5,552**	(25,044)
Finance costs, net	*6*	**(718)**	(3,592)
Profit/(Loss) before income tax		**4,834**	(28,636)
Income tax expense	*7*	**(15)**	(836)
Profit/(Loss) for the period		**4,819**	(29,472)

	Notes	Six months ended 30 June 2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Profit/(Loss) for the period attributable to:			
Equity holders of the Company		**4,700**	(29,890)
Non-controlling interests		**119**	418
		4,819	(29,472)
Earnings/(Loss) per share for profit/(loss) for the period attributable to the equity holders of the Company (restated)			
– Basic and diluted *(HK cents)*	*8*	**0.24**	(1.96)
Dividend	*9*	**–**	–

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June 2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Profit/(Loss) for the period	**4,819**	(29,472)
Other comprehensive (expense)/income, net of tax		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**(293)**	659
Total comprehensive income/(expenses) for the period	**4,526**	(28,813)
Total comprehensive income/(expenses) for the period attributable to:		
Equity holders of the Company	**4,411**	(29,167)
Non-controlling interests	**115**	354
	4,526	(28,813)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	30 June 2015 HK$'000 (Unaudited)	31 December 2014 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*10*	**25,909**	15,772
Goodwill	*10*	**160,877**	160,877
Trademark user right	*10*	**222,222**	–
Other intangible assets		**1,829**	1,568
Derivative financial instruments			
—Put option	*16(a)*	**24,990**	–
—Early redemption option	*13(f) & 14(a)*	**70,236**	–
Deposits paid for acquisition of subsidiaries	*16(a)*	**–**	20,000
		506,063	198,217
Current assets			
Inventories		**14,014**	696
Trade receivables	*11*	**105,080**	111,325
Loan receivables		**35,000**	19,000
Prepayments, deposits and other receivables		**39,895**	38,222
Tax recoverable		**707**	707
Cash and cash equivalents		**91,683**	131,205
		286,379	301,155
Total assets		**792,442**	499,372
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	*12*	**19,725**	18,537
Share premium		**544,946**	495,054
Other reserves		**125,784**	69,326
Accumulated losses		**(123,487)**	(128,187)
		566,968	454,730
Non-controlling interests		**8,333**	6,876
Total equity		**575,301**	461,606

	Notes	**30 June 2015** *HK$'000* **(Unaudited)**	31 December 2014 *HK$'000* (Audited)
LIABILITIES			
Non-current liabilities			
Convertible bonds	*13*	**72,702**	8,584
Contingent consideration payables	*14*	**70,133**	273
Deferred tax liabilities		**22,222**	–
		165,057	8,857
Current liabilities			
Trade payables	*15*	**5,576**	3,632
Other payables, accruals and deposits received		**37,693**	25,266
Amount due to a director		**8,785**	–
Tax payable		**30**	11
		52,084	28,909
Total liabilities		**217,141**	37,766
Total equity and liabilities		**792,442**	499,372
Net current assets		**234,295**	272,246
Total assets less current liabilities		**740,358**	470,463

Notes

1. GENERAL INFORMATION

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

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

Following the acquisition of the beauty and wellness business in May 2015 (Note 16(a)), the Group was principally engaged in the manufacturing and trading of recreational and educational toys and equipment, operation of clubhouse business and provision of beauty and wellness services during the period.

The Directors regard Gold Bless International Invest Limited, 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 2015.

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 2015 have been prepared in accordance with Hong Kong Accounting Standard 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 of the Group for the year ended 31 December 2014, 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 payables and derivative financial instruments, which are 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 Note 2.2 and adoption of new and revised HKFRSs which are effective to the Group for accounting periods beginning on or after 1 January 2015, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements. The adoption of the new and revised HKFRSs has no material impact on the Group's results and financial position for the current or prior periods.

The Group has not applied new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of new and revised HKFRSs but is not yet in a position to state whether new and revised HKFRSs would have a material impact on its results of operations and financial position.

2.2 Accounting policies for the beauty and wellness business

Revenue from the beauty and wellness 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 beauty and wellness business are consistent with those of the annual financial statements for the year ended 31 December 2014.

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 represents a strategic business unit that offers products or services which is 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;

(b) the clubhouse business segment engages in the operation of clubhouse business; and

(c) the beauty and wellness business segment engages in the provision of beauty and wellness related services.

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:

	Toys business *HK$'000* **(Unaudited)**	**Clubhouse business** *HK$'000* **(Unaudited)**	**Beauty and wellness business** *HK$'000* **(Unaudited)**	**Consolidated** *HK$'000* **(Unaudited)**
Six months ended 30 June 2015				
Hong Kong	**162**	**–**	**–**	**162**
The PRC	**3,099**	**8,616**	**4,291**	**16,006**
Japan	**63**	**–**	**–**	**63**
	3,324	**8,616**	**4,291**	**16,231**

	Toys business *HK$'000* (Unaudited)	Clubhouse business *HK$'000* (Unaudited)	Beauty and wellness business *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Six months ended 30 June 2014				
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

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/beauty and wellness segment, respectively. During the six months ended 30 June 2015, revenue of approximately HK$3,099,000 (six months ended 30 June 2014: HK$109,755,000) was derived from 1 major customer (six months ended 30 June 2014: 2 customers) who individually accounts for more than 10% of the Group's total revenue.

Results by operating segments are as follows:

	Six months ended 30 June	
	2015 ***HK$'000*** **(Unaudited)**	2014 *HK$'000* (Unaudited)
Toys business	**(1,711)**	(4,003)
Clubhouse business	**(14,857)**	(10,826)
Beauty and wellness business	**1,151**	–
Total net operating loss by operating segments	**(15,417)**	(14,829)
Unallocated corporate expenses, net	**(15,949)**	(10,215)
Gain on bargain purchase on acquisition of subsidiaries	**36,918**	–
Finance costs, net	**(718)**	(3,592)
Profit/(Loss) before income tax	**4,834**	(28,636)
Income tax expense	**(15)**	(836)
Profit/(Loss) for the period	**4,819**	(29,472)

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

	Toys business *HK$'000* (Unaudited)	**Clubhouse business** *HK$'000* (Unaudited)	**Beauty and wellness business** *HK$'000* (Unaudited)	**Consolidated** *HK$'000* (Unaudited)
At 30 June 2015				
Hong Kong	**84**	**–**	**–**	**84**
The PRC	**623**	**173,100**	**234,669**	**408,392**
	707	**173,100**	**234,669**	**408,476**
Derivative financial instruments				
—Put option				**24,990**
—Early redemption option				**70,236**
Unallocated corporate assets				**2,361**
				506,063

	Toys business *HK$'000* (Audited)	Clubhouse business *HK$'000* (Audited)	Beauty and wellness business *HK$'000* (Audited)	Consolidated *HK$'000* (Audited)
At 31 December 2014				
Hong Kong	61	–	20,000	20,061
The PRC	642	174,874	–	175,516
	703	174,874	20,000	195,577
Unallocated corporate assets				2,640
				198,217

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

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

	Toys business *HK$'000* (Unaudited)	**Clubhouse business** *HK$'000* (Unaudited)	**Beauty and wellness business** *HK$'000* (Unaudited)	**Consolidated** *HK$'000* (Unaudited)
Six months ended 30 June 2015				
Hong Kong	**44**	**–**	**–**	**44**
The PRC	**–**	**1,297**	**236**	**1,533**
	44	**1,297**	**236**	**1,577**
Unallocated corporate capital expenditures				**9**
				1,586

	Toys business *HK$'000* (Unaudited)	Clubhouse business *HK$'000* (Unaudited)	Beauty and wellness business *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Six months ended 30 June 2014				
Hong Kong	12	–	–	12
The PRC	7,983	49	–	8,032
	7,995	49	–	8,044
Unallocated corporate capital expenditures				25,805
				33,849

Capital expenditures are allocated based on their geographical locations.

4. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Exchange gain	**276**	541
Sundry income	**486**	131
	762	672

5. OPERATING PROFIT/LOSS

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

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment *(Note 10)*	**3,640**	2,972
Merchandise purchased and changes in inventories	**6,230**	123,517
Employee benefit expenses	**14,337**	9,816
Operating lease rental expenses	**6,137**	5,215

6. FINANCE COSTS, NET

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income		
– Bank deposits	**(86)**	(38)
– Loan receivables	**(2,022)**	–
Fair value change of contingent consideration payables *(Note 14)*	**827**	528
Interest expenses		
– Amount due to controlling shareholder	**–**	444
– Convertible bonds *(Note 13)*	**1,999**	2,658
	718	3,592

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 2014: 16.5%) and 25% (six months ended 30 June 2014: 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 statement of profit or loss represent:

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current taxation		
– Hong Kong profits tax	**–**	845
– PRC Enterprise Income Tax	**15**	1
	15	846
Write back of over-provision in respect of prior years		
– Hong Kong profits tax	**–**	(10)
	15	836

8. EARNINGS/LOSS PER SHARE

Basic

The calculation of basic earnings/loss per share is based on the consolidated profit for the period attributable to the equity holders of the Company of approximately HK$4,700,000 (six months ended 30 June 2014: loss of HK$29,890,000) and on the weighted average number of 1,972,453,000 (six months ended 30 June 2014 (restated): 1,522,206,000) 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 13(b)) and the effect of an open offer completed in August 2014 (Note 12(a)(iv)) (for which an adjustment was made retrospectively on the weighted average number of ordinary shares in issue for the six months ended 30 June 2014).

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited) (Restated)
Profit/(Loss) for the period attributable to the equity holders of the Company *(HK$'000)*	**4,700**	(29,890)
Weighted average number of ordinary shares in issue *(thousands)*	**1,972,453**	1,522,206
Basic earnings/(loss) per share *(HK cents)*	**0.24**	(1.96)

Diluted

Diluted earnings/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 4 categories of dilutive potential ordinary shares: share options (Note 12(b)), convertible bonds (Note 13) (excluding the mandatorily convertible bonds), convertible bonds issuable for the acquisition of Tai Cheng International Limited in 2012 (the "Tai Cheng CB") (Note 14(b)) and convertible bonds issuable for the acquisition of Rainbow Star Global Limited in the current period (the "Marsa CB") (Note 14(a)).

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 (excluding the mandatorily convertible bonds), the Tai Cheng CB and the Marsa CB, they are assumed to have been converted into ordinary shares, and the profit/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 changes of the liability components of the Tai Cheng CB and the Marsa 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 earnings/loss per share for the six months ended 30 June 2015 and 30 June 2014 did not assume the conversion of the Company's outstanding convertible bonds (excluding the mandatorily convertible bonds), the Tai Cheng CB and the Marsa CB since their conversion would result in an increase in earnings per share/a decrease in loss per share.

	Six months ended 30 June 2015 (Unaudited)
Profit used to determine diluted earnings per share *(HK$'000)*	**4,700**
Weighted average number of ordinary shares in issue *(thousands)*	**1,972,453**
Adjustment for assumed exercise of share options *(thousands)*	**3,742**
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**1,976,195**
Diluted earnings per share *(HK cents)*	**0.24**

9. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

10. PROPERTY, PLANT AND EQUIPMENT, GOODWILL AND TRADEMARK USER RIGHT

	Property, plant and equipment *HK$'000* (Unaudited)	Goodwill *HK$'000* (Unaudited)	Trademark user right *HK$'000* (Unaudited)
Net book value			
At 1 January 2014	19,574	29,759	–
Additions	8,739	–	–
Acquisition of subsidiaries *(Note 16(b))*	18,436	160,877	–
Depreciation *(Note 5)*	(2,972)	–	–
Exchange realignment	(471)	–	–
At 30 June 2014	43,306	190,636	–
Additions	1,736	–	–
Depreciation	(3,948)	–	–
Acquisition of subsidiaries	431	–	
Disposal of a subsidiary	(25,811)	–	–
Provision for impairment	–	(29,759)	–
Exchange realignment	58	–	–
At 31 December 2014	**15,772**	**160,877**	**–**
Additions	**1,586**	**–**	**–**
Acquisition of subsidiaries *(Note 16(a))*	**12,179**	**–**	**222,222**
Depreciation *(Note 5)*	**(3,640)**	**–**	**–**
Exchange realignment	**12**	**–**	**–**
At 30 June 2015	**25,909**	**160,877**	**222,222**

The Directors have performed an impairment review of the carrying amount of goodwill as at 31 December 2014 and have concluded that an impairment charge of approximately HK$29,759,000 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 2015, 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 is recognised.

As at 30 June 2015 and 31 December 2014, none of the property, plant and equipment were pledged for any facilities granted to the Group.

11. TRADE RECEIVABLES

	30 June 2015 ***HK$'000*** **(Unaudited)**	31 December 2014 *HK$'000* (Audited)
Trade receivables	**157,059**	163,304
Less: Provision for discount on past due balances	**(51,979)**	(51,979)
	105,080	111,325

The Group's trade receivables are generally with credit periods of 90 days (31 December 2014: 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 2015 and 31 December 2014 were as follows:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**741**	2,772
31 – 60 days	**708**	44
61 – 90 days	**822**	37
91 – 180 days	**982**	2,626
Over 180 days	**153,806**	157,825
	157,059	163,304

Management assessed the credit quality of those trade receivables of approximately HK$2,271,000 (31 December 2014: HK$2,853,000) 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 2015, trade receivables of approximately HK$154,788,000 (31 December 2014: HK$160,451,000) were past due but not impaired. These relate to customers for whom the Directors are prudently optimistic to have the outstanding balances be collected in the future. The ageing analysis of these trade receivables is as follows:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
91 – 180 days	**982**	2,626
Over 180 days	**153,806**	157,825
	154,788	160,451

The Group has made a total provision of approximately HK$51,979,000 to account for the discounting effect of the time value of money because of the delay in settlements of the outstanding trade receivables.

12. SHARE CAPITAL

Authorised

	Number of shares	Nominal value *HK$'000*
At 1 January 2014, 30 June 2014, 1 January 2015 and 30 June 2015, 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 2014	1,218,983,724	12,190
Issue of shares upon exercise of share options *(Note (a)(i))*	1,000,000	10
Issue of shares upon conversion of convertible bonds *(Note (a)(ii))*	51,080,000	511
At 30 June 2014	1,271,063,724	12,711
Issue of shares upon conversion of convertible bonds *(Note (a)(iii))*	60,000,000	600
Issue of shares upon completion of an open offer *(Note (a)(iv))*	399,319,117	3,993
Issue of shares upon exercise of share options *(Note (a)(v))*	7,000,000	70
Issue of shares upon conversion of convertible bonds *(Note (a)(vi))*	116,279,069	1,163
At 31 December 2014	**1,853,661,910**	**18,537**
Issue of shares upon conversion of convertible bonds *(Note (a)(vii))*	**58,139,534**	**581**
Issue of shares upon conversion of convertible bonds *(Note (a)(viii))*	**60,651,162**	**607**
At 30 June 2015	**1,972,452,606**	**19,725**

Notes:

(a) Issue of new shares

(i) On 16 January 2014, 1,000,000 outstanding share options were exercised at an exercise price of HK$0.37 per share and, accordingly, the Company allotted and issued a total of 1,000,000 shares to the grantee. The proceeds of HK$370,000 was used as working capital of the Group.

(ii) 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 13(b)).

(iii) On 18 July 2014, certain outstanding convertible bonds with an aggregate principal amount of HK$30,000,000 were converted into the shares of the Company at a conversion price of HK$0.50 per share and, accordingly, the Company allotted and issued a total of 60,000,000 shares to the convertible bond holders (Note 13(c)).

(iv) On 19 August 2014, upon the completion of an open offer on the basis of 3 offer shares for every 10 shares, 399,319,117 shares of the Company were issued at a subscription price of HK$0.45 per share to the shareholders of the Company. The net proceeds was approximately HK$178,007,000 and was used for potential acquisitions and investments and as working capital of the Group.

(v) On 29 August 2014, 7,000,000 outstanding share options were exercised at an exercise price of HK$0.32 per share (as adjusted to reflect the open offer as detailed in note (iv) above) and, accordingly, the Company allotted and issued a total of 7,000,000 shares to the grantee. The proceeds of HK$2,240,000 was used as working capital of the Group.

(vi) On 30 December 2014, certain outstanding convertible bonds with an aggregate principal amount of HK$50,000,000 were converted into the shares of the Company at a conversion price of HK$0.43 (as adjusted to reflect the open offer as detailed in note (iv) above) per share and, accordingly, the Company allotted and issued a total of 116,279,069 shares to the convertible bond holders (Note 13(c)).

(vii) On 30 January 2015, certain outstanding convertible bonds with an aggregate principal amount of HK$25,000,000 were converted into the shares of the Company at a conversion price of HK$0.43 (as adjusted to reflect the open offer as detailed in note (iv) above) per share and, accordingly, the Company allotted and issued a total of 58,139,534 shares to the convertible bond holders (Note 13(b)).

(viii) On 17 April 2015, certain outstanding convertible bonds with an aggregate principal amount of HK$26,080,000 were converted into the shares of the Company at a conversion price of HK$0.43 (as adjusted to reflect the open offer as detailed in note (iv) above) per share and, accordingly, the Company allotted and issued a total of 60,651,162 shares to the convertible bond holders (Note 13(b)).

(b) Share option scheme

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

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

The weighted average fair value of options granted 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) 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.

(iii) On 29 August 2014, 7,000,000 share options were exercised at an exercise price of HK$0.32 per share (as adjusted to reflect the open offer as detailed in note (a)(iv) above) and, accordingly, the Company allotted and issued a total of 7,000,000 shares to the grantee.

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

	2015		2014	
	Average exercise price per share ***HK$***	**Number of share options**	Average exercise price per share *HK$*	Number of share options
At 1 January	**0.32**	**55,800,000**	0.37	63,800,000
Exercised	**–**	**–**	0.37	(1,000,000)
At 30 June	**0.32**	**55,800,000**	0.37	62,800,000
At 1 July			0.37	62,800,000
Exercised			0.32	(7,000,000)
At 31 December			0.32	55,800,000

(v) Subsequent to the end of the reporting period in August 2015, the Company proposes to refresh the scheme mandate limit under the Share Option Scheme. An extraordinary general meeting will be held on 4 September 2015 to seek approval from the shareholders of the Company.

13. CONVERTIBLE BONDS

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

	1st Tai Cheng CB *HK$'000* (Unaudited) *(Note (a))*	**Big Point CB** *HK$'000* (Unaudited) *(Note (b))*	**Shanghai Zhenrong CB** *HK$'000* (Unaudited) *(Note (c))*	**Ms. You CB** *HK$'000* (Unaudited) *(Note (c))*	**2nd Tai Cheng CB** *HK$'000* (Unaudited) *(Note (d))*	**2015 CB** *HK$'000* (Unaudited) *(Note (e))*	**1st Marsa CB** *HK$'000* (Unaudited) *(Note (f))*	**Total** *HK$'000* (Unaudited)
At 1 January 2014	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
Issue of convertible bonds	–	–	–	–	3,714	–	–	3,714
Right of conversion exercised by bondholders	–	–	(41,475)	(23,585)	–	–	–	(65,060)
Interest expenses	317	–	2,915	167	89	–	–	3,488
At 31 December 2014	**4,781**	**–**	**–**	**–**	**3,803**	**–**	**–**	**8,584**
Issue of convertible bonds	**–**	**–**	**–**	**–**	**–**	**29,000**	**41,000**	**70,000**
Direct issue costs	**–**	**–**	**–**	**–**	**–**	**(952)**	**–**	**(952)**
Equity component on initial recognition	**–**	**–**	**–**	**–**	**–**	**(6,929)**	**–**	**(6,929)**
Right of conversion exercised by bondholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Interest expenses *(Note 6)*	**339**	**–**	**–**	**–**	**278**	**919**	**463**	**1,999**
At 30 June 2015	**5,120**	**–**	**–**	**–**	**4,081**	**22,038**	**41,463**	**72,702**

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

(a) Pursuant to the sale and purchase agreement to the acquisition of Tai Cheng International Limited ("Tai Cheng") (Note 14(b)), the Company issued the first tranche of the Tai Cheng CB on 29 October 2013 in an aggregate principal amount of HK$6,163,639 (the "1st Tai Cheng CB") to Hong Kong Tai Shing Toys Trading Limited ("Tai Shing"). The 1st Tai Cheng CB is denominated in Hong Kong dollars, unsecured, interest-free and will be matured on 29 October 2016. The 1st Tai Cheng CB is convertible into the shares of the Company at the holder's option before maturity at the conversion price of HK$0.43 per share (as adjusted to reflect the open offer as detailed in Note 12(a)(iv)) (subject to adjustments). The effective interest rate of the 1st Tai Cheng CB was 17.90% per annum.

(b) Pursuant to the sale and purchase agreement to the acquisition of Big Point Investment Limited ("Big Point") (Note 16(b)), 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).

Due to the completion of an open offer on 19 August 2014 (Note 12(a)(iv)), the conversion price of the Big Point CB was adjusted from HK$0.50 per share to HK$0.43 per share with effect from 19 August 2014.

All of the Big Point CB in the respective principal amounts of HK$25,540,000, HK$25,000,000 and HK$26,080,000 were converted into 51,080,000, 58,139,534 and 60,651,162 shares of the Company on 18 February 2014, 30 January 2015 and 17 April 2015 (Note 12(a)(ii), (vii) and (viii)).

(c) 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 was used for partial repayment of amount due to the controlling shareholder, operations of the clubhouse business acquired on 30 January 2014 (Note 16(b)) and as working capital of the Group.

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

The Ms. You CB and Shanghai Zhenrong CB were converted into 60,000,000 and 116,279,069 (due to the completion of an open offer on 19 August 2014 (Note 12(a)(iv)), the conversion price of the Shanghai Zhenrong CB was adjusted from HK$0.50 per share to HK$0.43 per share with effect from 19 August 2014) shares of the Company on 18 July 2014 and 30 December 2014, respectively (Note 12 (a)(iii) and (vi)).

(d) Pursuant to the sale and purchase agreement to the acquisition of Tai Cheng (Note 14(b)), the Company issued the second tranche of the Tai Cheng CB on 13 October 2014 in an aggregate principal amount of HK$5,628,138 (the "2nd Tai Cheng CB") to Tai Shing. The 2nd Tai Cheng CB is denominated in Hong Kong dollars, unsecured, interest-free and will be matured on 13 October 2017. The 2nd Tai Cheng CB is convertible into the shares of the Company at the holder's option before maturity at an initial conversion price of HK$0.43 per share (subject to adjustments). The effective interest rate of the 2nd Tai Cheng CB was 17.99% per annum.

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

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

The placing was completed on 6 March 2015, where convertible bonds in the aggregate principal amount of HK$29,000,000 (the "2015 CB") was successfully placed by ASA Securities to three placees who are third parties independent of the Company and its connected persons. The effective interest rate of the 2015 CB was 14.39% per annum. The proceeds was intended to be used for possible acquisitions and as working capital of the Group.

(f) Pursuant to the sale and purchase agreement to the acquisition of Rainbow Star Global Limited ("Rainbow Star") (Note 16(a)), the Company issued convertible bonds in May 2015 in an aggregate principal amount of HK$54,250,000 (the "1st Marsa CB") to Mr. Chung Sum Sang ("Mr. Chung") and Ms. Eva Au ("Ms. Au") as partial satisfaction of the consideration. The 1st Marsa CB is denominated in Hong Kong dollars, unsecured, bear interest at 2% per annum from the first anniversary of issue onwards (interest-free during the first calendar year of issue) and will be matured in May 2018. Interest will be payable on the maturity date if the 1st Marsa CB is neither converted nor redeemed prior to the maturity date. The Company shall have the right to redeem the 1st Marsa CB at any time during its term by issuing shares to the holders at the initial conversion price of HK$0.50 per share (subject to adjustments). The 1st Marsa CB is convertible into the shares of the Company at the holder's option during the period commencing from the date being the latter of (a) the first anniversary of the issue date of the 1st Marsa CB; and (b) the Company having exercised its rights in respect of the redemption and cancellation of the 1st Marsa CB with reference to the profit guarantee (Note 16(a)), to maturity at an initial conversion price of HK$0.50 per share (subject to adjustments).

A liability component, an equity component and an early redemption option were classified at initial recognition of the 1st Marsa CB. The equity component was included in equity within other reserves. The early redemption option was recorded as a derivative financial instrument under non-current assets.

The fair value of the liability component was initially recognised at the date of acquisition at approximately HK$41,000,000 by using the discounted cash flow model. The fair value estimate was based on assumed discount rate of 11.24% and the Directors' expectation on the amount of the 1st Marsa CB to be redeemed or cancelled (if any).

The fair values of the equity component (which represents the value of the equity conversion option) and the early redemption option were initially recognised at the date of acquisition at approximately HK$22,847,000 and HK$20,200,000, respectively, by using the partial differential equation method. The fair value estimates were based on assumed conversion price of HK$0.50 per share, expected volatility of 89.55% and risk-free rate of 0.70%.

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 (with the exception of the 1st Marsa CB, which is detailed in note (f) above).

14. CONTINGENT CONSIDERATION PAYABLES

The Group's contingent consideration payables arises from two acquisitions completed by the Group detailed as follows.

(a) Pursuant to the sale and purchase agreement to the acquisition of Rainbow Star (Note 16(a)), part of the consideration shall be settled by the issue of the Marsa CB in 3 tranches of principal amount of HK$54,250,000 each on the date of acquisition, the 1st anniversary of and the 2nd anniversary of the date of acquisition. The Marsa CB comprises the profit guarantee as provided by Mr. Chung and Ms. Au (as detailed in Note 16(a)) and may be redeemed or cancelled by the Company with reference to the profit guarantee.

The Marsa CB, when issued, will be denominated in Hong Kong dollars, unsecured, bear interest at 2% per annum from the first anniversary of issue onwards (interest-free during the first calendar year of issue), will mature on the date falling on the third anniversary of the date of issue. Interest will be payable on the maturity date if the Marsa CB is neither converted nor redeemed prior to the maturity date. The Company shall have the right to redeem the Marsa CB at any time during its term by issuing shares to the holders at the initial conversion price of HK$0.50 per share (subject to adjustments). The Marsa CB is convertible into the shares of the Company at the holder's option during the period commencing from the date being the latter of (a) the first anniversary of the issue date of the Marsa CB; and (b) the Company having exercised its rights in respect of the redemption and cancellation of the Marsa CB with reference to the profit guarantee, to maturity at an initial conversion price of HK$0.50 per share (subject to adjustments).

The Company issued the first tranche of the Marsa CB in May 2015 in the aggregate principal amount of HK$54,250,000 (Note 13(f)).

A liability component, an equity component and an early redemption option were classified at initial recognition of the Marsa CB. The equity component was included in equity within other reserves. The early redemption option was recorded as a derivative financial instrument under non-current assets.

The fair value of the liability component was initially recognised at the date of acquisition at approximately HK$69,033,000 by using the discounted cash flow model. The fair value estimates were based on assumed discount rates ranging from 11.46% to 11.69% and the Directors' expectation on the amount of the Marsa CB to be redeemed or cancelled (if any). This liability component was subsequently measured as at 30 June 2015 at fair value of approximately HK$69,836,000, with increase in fair value of approximately HK$803,000 recognised within finance costs, net (Note 6) in the condensed consolidated statement of profit or loss.

The fair values of the equity component (which represents the value of the equity conversion option) and the early redemption option were initially recognised at the date of acquisition at approximately HK$53,061,000 and HK$50,036,000, respectively, by using the partial differential equation method. The fair value estimates were based on assumed conversion price of HK$0.50 per share, expected volatility of 79.13% – 88.53% and risk-free rate of 0.92% – 1.14%.

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

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

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

The Tai Cheng CB, if issued, will be denominated in Hong Kong dollars, unsecured, interest free, will mature on the date falling on the third anniversary of the date of issue and will be convertible into the shares of the Company at the conversion price of HK$0.43 per share (as adjusted to reflect the open offer as detailed in Note 12(a)(iv)) (subject to adjustments).

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

A liability component and an equity component were classified at initial recognition of the Tai Cheng CB.

The fair value of the liability component 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 2015 at fair value of approximately HK$297,000 (31 December 2014: HK$273,000), with increase in fair value of approximately HK$24,000 (six months ended 30 June 2014: HK$528,000) recognised within finance costs, net (Note 6) in the condensed consolidated statement of profit or loss.

The equity component, 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 2015, the equity component amounting to approximately HK$301,000 (31 December 2014: HK$301,000) is included in equity within other reserves.

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

	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
At 1 January	**273**	6,099
Acquisition of subsidiaries *(Note 16(a))*	**69,033**	–
Fair value change *(Note 6)*	**827**	528
At 30 June	**70,133**	6,627
At 1 July		6,627
Fair value change		(2,640)
Issue of the 2nd Tai Cheng CB *(Note 13(d))*		(3,714)
At 31 December		273

15. TRADE PAYABLES

The ageing analysis of trade payables, based on invoice dates, as at 30 June 2015 and 31 December 2014 were as follows:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**482**	430
31 – 60 days	**655**	303
61 – 90 days	**690**	17
91 days – 1 year	**910**	52
Over 1 year	**2,839**	2,830
	5,576	3,632

The carrying amounts of trade payables approximate their fair values.

16. ACQUISITION OF SUBSIDIARIES

(a) On 21 November 2014, the Company, Mr. Chung and Ms. Au entered into a sale and purchase agreement pursuant to which the Company has conditionally agreed to purchase the 100% equity interests of Rainbow Star, a company incorporated in the British Virgin Islands, from Mr. Chung and Ms. Au at a maximum aggregate consideration of HK$217,000,000, out of which HK$54,250,000 shall be settled in cash and the remaining consideration of not more than HK$162,750,000 shall be settled by the issue of the Marsa CB (Note 14(a)).

Rainbow Star is an investment holding company, its principal asset being 70% indirect equity interests in 深圳市瑪莎嘉兒連鎖實業有限公司 (Shenzhen Marsa Guer Chain Enterprise Limited*, "Marsa"). Marsa and its subsidiaries are principally engaged in the provision of beauty and wellness related services.

Pursuant to the terms of the sale and purchase agreement (as supplemented by a supplemental agreement dated 16 December 2014), deposits in the aggregate amount of HK$20,000,000 were paid to Mr. Chung and Ms. Au before 31 December 2014. The acquisition was subsequently completed in May 2014, the remaining cash consideration of HK$34,250,000 was paid and the 1st Marsa CB (Note 13(f)) was issued to Mr. Chung and Ms. Au as partial satisfaction of the consideration. The remaining Marsa CB shall be issued on the 1st and the 2nd anniversary of the date of acquisition.

The Marsa CB comprises the profit guarantee as provided by Mr. Chung and Ms. Au, who have undertaken that the audited consolidated net profit after tax of Marsa for each of the three years ending 31 December 2015, 2016 and 2017 shall not be less than RMB20,000,000 for each year. In the event that it is less than RMB20,000,000, the Company shall redeem and cancel in whole or part of the corresponding Marsa CB at HK$1 based on the shortfall with reference to the profit guarantee of RMB20,000,000.

Besides, in the case that all of the audited consolidated net profit after tax of Marsa for each of the three years ending 31 December 2015, 2016 and 2017 are less than RMB20,000,000, the Company shall have the right to request Mr. Chung and Ms. Au to repurchase the 100% equity interest in Rainbow Star at the aggregate consideration paid to them. The fair value of this put option was initially recognised at the date of acquisition at approximately HK$24,990,000 by using the Binomial Tree Pricing Model. The fair value estimates were based on assumed expected volatility of 31.606% and risk-free rate of 0.662%. The put option was recorded as a derivative financial instrument under non-current assets.

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

	Fair values recognised *HK$'000* **(Unaudited)**
Purchase consideration	
Cash deposits paid in prior year	**20,000**
Cash paid in current period	**34,250**
Fair value of the 1st Marsa CB issued on completion of acquisition *(Note 13(f))*	
– Liability component	**41,000**
– Equity component	**22,847**
– Early redemption option	**(20,200)**
Fair value of the Marsa CB to be issued *(Note 14(a))*	
– Liability component	**69,033**
– Equity component	**53,061**
– Early redemption option	**(50,036)**
Total purchase consideration	**169,955**
Identifiable assets acquired and liabilities assumed on acquisition date	
Property, plant and equipment *(Note 10)*	**12,179**
Trademark user right *(Note 10)*	**222,222**
Other intangible assets	**279**
Inventories	**13,571**
Trade receivables	**8**
Prepayments, deposits and other receivables	**2,001**
Cash and cash equivalents	**4,712**
Trade payables	**(1,847)**
Other payables, accruals and deposits received	**(13,879)**
Amount due to a director	**(8,809)**
Deferred tax liability	**(22,222)**
Total identifiable net assets acquired	**208,215**
Non-controlling interests	**(1,342)**
Gain on bargain purchase on acquisition of subsidiaries	**(36,918)**
	169,955

An analysis of the net outflow 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	**4,712**
Less: Consideration satisfied by cash in the current period	**(34,250)**
Net cash outflow on acquisition of subsidiaries in the current period	**(29,538)**

(b) On 16 December 2013, the Company, Green Capital (Hong Kong) Limited (a wholly-owned subsidiary of 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 shall be settled in cash and the remaining consideration of RMB60,000,000 (equivalent to HK$76,620,000) shall be settled by the issue of the Big Point CB (Note 13(b)).

Big Point is an investment holding company, which holds 100% direct equity interests in 格林銀湖健康養生（深圳）有限公司 (Green Silver Lake Healthcare and Wellness Limited*, "Green Silver Lake") (formerly known as Dijia Restaurant Management (Shenzhen) Co, Ltd) 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 Green Silver Lake. Big Point and its subsidiaries are principally engaged in the 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.

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 Green Silver Lake 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 Green Silver Lake 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 2013	88,692
Big Point CB issued on completion of acquisition *(Note 13(b))*	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 during the six months ended 30 June 2014 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 during the six months ended 30 June 2014	–
Net cash inflow on acquisition of subsidiaries during the six months ended 30 June 2014	906

17. COMMITMENTS

(a) Capital commitments

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

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Authorised but not contracted for:		
– Construction of property, plant and equipment	**27,375**	27,375
Contracted but not provided for:		
– Acquisition of subsidiaries *(Note 16(a))*	**–**	34,250
	27,375	61,625

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

(b) Operating lease commitments

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

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Not later than 1 year	**14,006**	9,863
Later than 1 year but not later than 5 years	**54,970**	46,392
	68,976	56,255

None of the leases include contingent rentals.

18. CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2015 and 31 December 2014.

19. SUBSEQUENT EVENTS

(a) On 24 July 2015, Great Roc Capital Securities Limited ("Great Roc Capital") and the Company entered into a placing agreement pursuant to which Great Roc Capital has agreed, on a best endeavour basis, to procure placees, who are independent professional, institutional or other individual investors to the Company, to subscribe for the unlisted bonds in an aggregate principal amount of up to HK$200,000,000 (the "Bonds") at 100% of the principal amount of the Bonds within the placing period (a period of 180 days starting from the date of the placing agreement or such longer period as mutually agreed by the Company and Great Roc Capital).

The Bonds are denominated in Hong Kong dollars, unsecured, bear interest at 7% per annum and will be matured on the date falling on the fourth anniversary of the issue of the Bonds. Interest is payable in arrears annually on the anniversary of the respective date of the issue of the Bonds. Neither the bondholders may demand for early redemption of the Bonds before the maturity date nor shall the Company have the right to redeem the Bonds before the maturity date. The proceeds is intended to be used for the Group's new money lending business and potential acquisitions.

As at the date of this announcement, no Bonds have been successfully placed by Great Roc Capital or issued by the Company.

(b) In August 2015, the Company proposes to refresh the scheme mandate limit under the Share Option Scheme. An extraordinary general meeting will be held on 4 September 2015 to seek approval from the shareholders of the Company.

20. COMPARATIVE FIGURES

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

* *for identification purposes only*

MANAGEMENT DISCUSSIONS AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Following the acquisition of the beauty and wellness business in May 2015 (detailed in Note 16(a) to the condensed consolidated interim financial statements), the Group was principally engaged in the manufacturing and trading of recreational and educational toys and equipment, operation of clubhouse business and provision of beauty and wellness services during the period.

Total revenue of approximately HK$16,231,000 was recorded by the Group during the six months ended 30 June 2015, as compared to approximately HK$132,619,000 for the same period in 2014.

Revenue arising from different business segment are as follows:–

(a) approximately HK$3,324,000 from the toys business segment (six months ended 30 June 2014: HK$124,158,000);

(b) approximately HK$8,616,000 from the clubhouse business segment (six months ended 30 June 2014: HK$8,461,000); and

(c) approximately HK$4,291,000 from the beauty and wellness business segment (acquired in May 2015).

The decrease in revenue was mainly due to reallocation of resources by the Board from the toys business segment, in order to align the Group's businesses and resources with the Group's current major development objective of exploring opportunities to venture into healthcare, beauty and wellness, medical services for elderly, senior tourism, retirement home, hospital, medical equipment and technology and other prospective businesses. The Group's gross profit was approximately HK$8,675,000 in 2015, as compared to approximately HK$7,848,000 in 2014, representing an increase of approximately HK$827,000; the gross profit margin has increased from 5.9% in 2014 to 53.4% in 2015. This is mainly attributable to the higher gross profit margin from the clubhouse business and the beauty and wellness business, which was acquired by the Group in May 2015.

The profit for the period attributable to the equity holders of the Company amounted to approximately HK$4,700,000 in 2015 whilst a loss of approximately HK$29,890,000 was recorded in 2014. Excluding the effect of the gain on bargain purchase on acquisition of subsidiaries (detailed in Note 16(a) to the condensed consolidated interim financial statements) of approximately HK$36,918,000 in the current period, the loss for the period attributable to the equity holders of the Company amounted to approximately HK$32,218,000, which is close to the results of the same period in 2014.

In particular, after the reallocation of resources as mentioned above and the disposal of a subsidiary from the toys business in September 2014, the operating loss from the toys business segment has decreased from approximately HK$4,003,000 in 2014 to approximately HK$1,711,000 in 2015.

Due to the increase in the cost of raw materials and labour and other operating costs in the PRC, operating loss from the clubhouse business segment increased from approximately HK$10,826,000 in 2014 to approximately HK$14,857,000 in 2015. 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 pursue of quality life of the residents and visitors of Shenzhen, the Directors are prudently optimistic of the prospects of the clubhouse business in the PRC, in particular in the well-developed cities such as Shenzhen.

The Group has completed the acquisition of the beauty and wellness business in May 2015. The major operating entities from this business segment are Marsa and its subsidiaries, which are principally engaged in the provision of beauty and wellness related services in Shenzhen. This business segment contributed an operating profit of approximately HK$1,151,000 since its acquisition. As this business segment is still in expansion stage with more cooperation with different clubhouses in Shenzhen is coming, the Directors are prudently optimistic of the contribution to the Group's results by this business segment in the future.

The Board has also focused on cost control in this difficult operating environment, in order to strive for a higher profit margin and return to shareholders. The Board is adopting a prudent and conservative approach in order to sustain the Group for the long term development and will take appropriate strategic measures to reshape the Group's different business segments and re-allocate resources to them when necessary.

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 the Board for expansion of the business segments of the Group. The Board believes diversified investments could be beneficial to the interests of the Group and the shareholders as a whole. The Board will cautiously search for investment opportunities so as to produce a steady growth in the Group's long term performance.

Besides, the Group has entered into a memorandum of understanding with an intention to acquire new assets/businesses/companies and is 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 2015, the Group held cash and bank balances of approximately HK$91,683,000 (31 December 2014: HK$131,205,000). Net current assets amounted to approximately HK$234,295,000 (31 December 2014: HK$272,246,000). Current ratio (defined as total current assets divided by total current liabilities) was approximately 5.5 times (31 December 2014: 10.4 times). The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 27.4% (31 December 2014: 7.6%). As at 30 June 2015, the carrying amounts and the principal amounts of the outstanding borrowings of the Group amounted to approximately HK$72,702,000 (31 December 2014: HK$8,584,000) and approximately HK$95,042,000 (31 December 2014: HK$62,872,000), respectively. The mandatorily convertible bonds issued for the acquisition of a clubhouse business with outstanding principal amount of HK$51,080,000 was included in the principal amounts of the outstanding borrowings of the Group as at 31 December 2014 (which was fully converted during the six months ended 30 June 2015).

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 2015, 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

Details of changes in the capital structure of the Company during the six months ended 30 June 2015 are detailed in Note 13(b), (e) and (f) to the condensed consolidated interim financial statements.

The Company has 1,972,452,606 ordinary shares in issue as at 30 June 2015 and the date of this announcement.

On 11 May 2012, the Company granted 65,800,000 share options under the Share Option Scheme to certain substantial shareholders, Directors and employees of the Group, of which 55,800,000 share options were still outstanding as at 30 June 2015 and the date of this announcement.

There were outstanding convertible bonds in the aggregate principal amount of approximately HK$95,042,000 which are convertible into 223,801,524 shares of the Company as at 30 June 2015 and the date of this announcement.

Subsequent to the end of the reporting period, in August 2015, the Company proposes to refresh the scheme mandate limit under the Share Option Scheme. An extraordinary general meeting will be held on 4 September 2015 to seek approval from the shareholders of the Company.

CHARGES ON ASSETS

As at 30 June 2015, 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 subsidiaries (detailed in Note 16(a) to the condensed consolidated interim financial statements), there were no significant acquisition and disposal of assets during the six months ended 30 June 2015 and up to the date of this announcement. The Group has also entered into the following memorandum of understanding.

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

The above memorandum of understanding shall be valid for 1 year from the date of its execution, within which parties to the memorandum of understanding shall not negotiate or enter into any documents with other third parties in relation to projects or business equivalent or similar to those stipulated in the memorandum of understanding. As at the date of this announcement, the Board is still assessing the feasibility studies of the above project, and no formal agreements have been entered into between the parties involved.

COMMITMENTS AND CONTINGENT LIABILITIES

The Group's capital and operating lease commitments as at 30 June 2015 were detailed in Note 17 to the condensed consolidated interim financial statements.

The Group had no material contingent liabilities as at 30 June 2015.

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 2015, the Group employed approximately 400 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 2015.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Save as disclosed in the paragraph headed "Capital Structure" in the "Management Discussion and Analysis" section above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the six months ended 30 June 2015.

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 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 2015.

Under 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. Four independent non-executive Directors and one non-executive Director did not attend the extraordinary general meeting held on 29 January 2015 due to other work commitments. Four independent non-executive Directors did not attend the annual general meeting held on 5 June 2015 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 Board 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 2015 and this announcement.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

During the six months ended 30 June 2015, 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 2015.

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.green-international.com.hk). The 2015 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 2015.

For and on behalf of
Green International Holdings Limited
Yang Wang Jian
Chairman

Hong Kong, 28 August 2015

As at the date of this announcement, the executive Directors are Dr. Yang Wang Jian, Mr. Wong Man Keung, Ms. Yang Jun, Mr. Chen Hanhong, Ms. Yang Ya, Dr. Yu Qigang and Ms. Eva Au; the non-executive Director is Ms. Yu Jiaoli; and the independent non-executive Directors are Mr. Yeung King Wah, Kenneth, Mr. Wu Hong, Mr. Low Chin Sin and Mr. Ye Yunhan.