



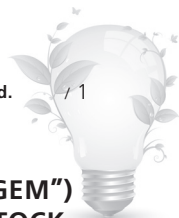
無縫綠色中國(集團)有限公司
Seamless Green China (Holdings) Ltd.

(Incorporated in the Cayman Islands and re-domiciled and continued in Bermuda with limited liability)

Stock Code: 8150



Interim Report 2012



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Seamless Green China (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



HIGHLIGHTS

1. The Group has recorded a total turnover of approximately HK\$[17,303,000] for the six months ended 30 June 2012.
2. The Group has recorded a net loss attributable to shareholders for the six months ended 30 June 2012 of approximately HK\$[29,736,000], representing a basic loss per share of HK cents 13.09.
3. The Directors do not recommend the payment of a dividend for the six months ended 30 June 2012.

FINANCIAL RESULTS (UNAUDITED)

The board of directors (the “Board”) of Seamless Green China (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30th June 2012, together with the comparative unaudited figures for the corresponding periods in 2011 (collectively the “Relevant Periods”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	<i>Notes</i>	Three months ended 30th June		Six months ended 30th June	
		2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Turnover	2	8,822	13,202	17,303	25,877
Cost of sales		(8,323)	(9,542)	(15,190)	(20,289)
Gross profit		499	3,660	2,113	5,588
Other revenue	2	(86)	1,489	17	2,291
Gain on disposal of subsidiaries		–	–	524	–
Gain on disposal of property, plant and equipment		14	–	14	–
Net loss on financial assets at fair value through profit or loss		–	–	–	(391)
Operating expenses:					
Distribution costs		(590)	(645)	(1,110)	(1,031)
Administrative and other operating expenses		(14,064)	(5,993)	(31,234)	(13,718)



	<i>Notes</i>	Three months ended 30th June		Six months ended 30th June	
		2012	2011	2012	2011
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss from operation		(14,227)	(1,489)	(29,676)	(7,261)
Finance costs		(35)	–	(60)	(27)
Loss before taxation	3	(14,262)	(1,489)	(29,736)	(7,288)
Income tax expense	4	18	(6)	–	(8)
Loss for the period		(14,244)	(1,495)	(29,736)	(7,296)
Other comprehensive income:					
Exchange differences on translating foreign operations		–	130	–	57
Total comprehensive expense for the period		(14,244)	(1,365)	(29,736)	(7,239)
Loss attributable to owners of the Company		(14,244)	(1,495)	(29,736)	(7,296)
Total comprehensive expense attributable to owners of the Company		(14,244)	(1,365)	(29,736)	(7,239)
Loss per share attributable to the owners of the Company					
Basic	6	(6.07) cents	(0.92) cents	(13.09) cents	(4.50) cents
Diluted	6	N/A	N/A	N/A	N/A


CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30th June 2012 HK\$'000	Audited 31st December 2011 HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	7	10,391	15,761
Prepaid land lease payments		529	537
		<u>10,920</u>	<u>16,298</u>
Current assets			
Prepaid land lease payments		17	17
Inventories		5,138	4,924
Trade receivables	8	6,313	6,370
Prepayments, deposits and other receivables		25,022	10,532
Loan receivable		3,800	–
Cash and bank balances		7,046	26,740
		<u>47,336</u>	<u>48,583</u>
Current liabilities			
Bank overdraft		–	1,779
Trade payables	9	6,376	3,891
Other payables and accruals		3,375	5,854
Tax payable		2,525	2,438
Short-term loans		4,520	4,520
Bank loan		3,000	–
		<u>19,796</u>	<u>18,482</u>
Net current assets		<u>27,540</u>	<u>30,101</u>
Total assets less current liabilities		38,460	46,399
Non-current liabilities			
Deferred tax liabilities		134	134
NET ASSETS		<u>38,326</u>	<u>46,265</u>
CAPITAL AND RESERVES			
Share capital	10	11,737	10,587
Reserves		26,589	35,678
TOTAL EQUITY		<u>38,326</u>	<u>46,265</u>



CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30th June 2012

	Six months ended	
	30th June	
	2012	2011
	HK\$'000	HK\$'000
Net cash outflow from operating activities	(33,818)	(16,569)
Net cash outflow from investing activities	(8,277)	(4,057)
Net cash inflow from financing activities	24,180	73,009
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(17,915)	52,383
Cash and cash equivalent at 1st January	24,961	3,526
Effect of foreign exchanges, net	-	(190)
	<hr/>	<hr/>
Cash and cash equivalents at 30th June	<u>7,046</u>	<u>55,719</u>
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<u>7,046</u>	<u>55,719</u>
	<hr/>	<hr/>
	<u>7,046</u>	<u>55,719</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30th June 2012

	Share capital	Share premium	Revaluation reserve	Warrant Reserve	Exchange reserve	Share based payment reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2012	10,587	107,366	535	-	2,665	307	(75,195)	46,265
Total comprehensive expenses for the period	-	-	-	-	-	-	(29,736)	(29,736)
Issues of warrant	-	-	-	1,400	-	-	-	1,400
Recognition of equity-settled share-based payments	-	-	-	-	-	1,767	-	1,767
Options cancelled	-	-	-	-	-	(1,767)	1,767	-
Issues of shares – warrants exercised	1,150	18,630	-	(1,150)	-	-	-	18,630
At 30th June 2012	<u>11,737</u>	<u>125,996</u>	<u>535</u>	<u>250</u>	<u>2,665</u>	<u>307</u>	<u>(103,164)</u>	<u>38,326</u>
At 1st January 2011	7,083	34,260	-	-	1,741	1,020	(24,989)	19,115
Total comprehensive income/ (expense) for the period	-	-	-	-	57	-	(7,296)	(7,239)
Issue of shares	3,150	65,441	-	-	-	-	-	68,591
Recognition of equity-settled share-based payments	-	-	-	-	-	1,316	-	1,316
Options exercised/lapsed	319	5,570	-	-	-	(1,792)	1,792	5,889
At 30th June 2011	<u>10,552</u>	<u>105,271</u>	<u>-</u>	<u>-</u>	<u>1,798</u>	<u>544</u>	<u>(30,493)</u>	<u>87,672</u>



NOTES TO FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The unaudited condensed consolidated accounts have been prepared to comply with the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The accounting policies and method of computation used in the preparation of these results are consistent with those used in the annual accounts for the year ended 31st December 2011. The Group has adopted new or revised standards, amendments to standards and interpretations of Hong Kong Financial Reporting Standards which are effective for accounting periods commencing on or after 1st January, 2012. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the consolidated accounts and does not result in substantial changes to the Group's accounting policies.

The condensed consolidated accounts have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee with the assistance from the auditors.

2. Segments information

Segment information reported to the chief operating decision maker, directors of the Company, is the type of goods delivered by the Group's operating division for the purposes of resource allocation and performance assessment.

For the purposes of assessing segment performance and resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment revenue represents revenue generated from external customers. There were no inter-segment sales in the period (2011: Nil).

Segment result represents the profit or loss attributable to each segment without allocation of corporate income and expense, central administration cost, directors' salaries, interest income, loss on disposal of subsidiaries, gain or loss on trading marketable securities and finance costs.

Segment assets included all tangible, intangible assets and current assets.



	Synthetic sapphire watch crystals HK\$'000	Optoelectronic products HK\$'000	Liquor HK\$'000	Integrated circuits and software HK\$'000	Fashion HK\$'000	Total for reportable segments HK\$'000
As at 30th June 2012 (unaudited)						
Segment assets	<u>16,553</u>	<u>4,444</u>	<u>3,048</u>	<u>3,757</u>	<u>-</u>	27,802
Unallocated assets						<u>30,454</u>
Consolidated assets						<u>58,256</u>
As at 31st December 2011 (audited)						
Segment assets	<u>15,676</u>	<u>4,234</u>	<u>6,563</u>	<u>8,560</u>	<u>1,340</u>	36,373
Unallocated assets						<u>28,508</u>
Consolidated assets						<u>64,881</u>

3. Loss before taxation (unaudited)

The Group's loss before taxation is arrived at after charging:

	For the six months ended 30th June	
	2012	2011
	HK\$'000	HK\$'000
Amortisation of prepaid land lease payments	8	8
Depreciation of property, plant and equipment	1,159	403
Interest on borrowings	60	27
Share-based payments	1,767	1,316



4. Income tax expense (unaudited)

- (a) The amount of taxation charged to the condensed consolidated statement of comprehensive income (unaudited) represents:

	<i>Notes</i>	For the six months ended 30th June 2012	
		HK\$'000	2011 HK\$'000
Hong Kong profit tax	(i)	–	8
Overseas taxation	(ii)	–	–
		<u>–</u>	<u>8</u>

Notes:

- (i) Hong Kong profits tax has been provided for in the financial statements at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong in the period.
- (ii) Overseas profits tax has not been provided as the overseas subsidiaries had no taxable income for the period.
- (b) There are no material unrecognized deferred tax assets and liabilities for the period.

5. Dividend

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

6. Loss per share

The calculation of basic loss per share for the 6 months ended 30th June 2012 is based on the Group's loss attributable to owners of the Company for the period of approximately HK\$29,736,000 (2011: HK\$7,296,000) and on the weighted average number of 227,082,505 (2011: 162,137,130) shares.

Diluted loss per share for the 6 months ended 30th June 2012 and 6 months ended 30th June 2011 has not been disclosed as the potential shares arising from the exercise of the Company's outstanding share options and warrants would decrease in loss per share of the Group for the period and is regarded as anti-dilutive.



7. Property, plant and equipment

HK\$'000

As at 31st December 2011 (audited)

Opening net book amount 1st January 2011	7,339
Additions	9,804
Surplus on valuation	669
Depreciation	(2,079)
Exchange realignment	28
	<u>15,761</u>
Closing net book amount as at 31st December 2011	<u><u>15,761</u></u>

As at 30th June 2012 (unaudited)

Opening net book amount 1st January 2012	15,761
Additions	199
Disposals	(4,616)
Depreciation charged	206
Accumulated depreciation written back on disposals	(1,159)
	<u>10,391</u>
Closing net book amount as at 30th June 2012	<u><u>10,391</u></u>

8. Trade receivables

The ageing analysis of the trade receivables at reporting date is as follows:

	Unaudited	Audited
	30th June	31st December
	2012	2011
	HK\$'000	HK\$'000
Current	2,498	4,193
31-60 days	1,709	1,267
61-90 days	1,235	409
Over 90 days	871	501
	<u>6,313</u>	<u>6,370</u>
	<u><u>6,313</u></u>	<u><u>6,370</u></u>

The Group's terms on credit sales primarily range from 30 to 120 days.



9. Trade payables

The ageing analysis of the trade payables at reporting date is as follows:

	Unaudited 30th June 2012 HK\$'000	Audited 31st December 2011 HK\$'000
Current	1,456	967
31-60 days	2,256	925
61-90 days	1,845	1,862
Over 90 days	<u>819</u>	<u>137</u>
	<u>6,376</u>	<u>3,891</u>

10. Share capital

	Number of shares		Share capital	
	Unaudited 30th June 2012 HK\$'000	Audited 31st December 2011 HK\$'000	Unaudited 30th June 2012 HK\$'000	Audited 31st December 2011 HK\$'000
Authorized:				
Ordinary shares of HK\$0.05	<u>20,000,000</u>	<u>20,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:				
At the beginning of period/year	211,749	141,666	10,587	7,083
Option exercised	-	7,083	-	354
Warrants exercised	23,000	-	1,150	-
Placing of shares	<u>-</u>	<u>63,000</u>	<u>-</u>	<u>3,150</u>
At the end of period/year	<u>234,749</u>	<u>211,749</u>	<u>11,737</u>	<u>10,587</u>



11. Commitments

(a) Capital commitments

At 30th June 2012, the Group had capital commitments contracted but not provided for in the financial statements as follows:

	Unaudited 30th June 2012 HK\$'000	Audited 31st December 2011 HK\$'000
Proposed acquisition of subsidiaries	15,000	–

(b) Commitments under operating leases

At 30th June 2012, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	
	Unaudited 30th June 2012 HK\$'000	Audited 31st December 2011 HK\$'000
Within one year	635	1,480
In the second to fifth year inclusive	–	920
	635	2,400



12. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are as follows:

Transaction with entities where a director is interested therein

	Six months ended 30th June	
	2012	2011
	HK\$'000	HK\$'000
Purchase of land and buildings	—	3,550

The above transactions were entered into with companies controlled by Mr. Lam Ping Cheung Andrew a former director and former chairman of the board. Details of the above transactions were set out in the Company's announcement dated 6th May 2011.

13. Contingent liabilities

At 30th June 2012, the Group had no material contingent liabilities (31st December 2011: Nil).

14. Event after the reporting period

On 5th July 2012, a placing agreement was entered into between the Company and the placing agent, pursuant to which the Company appointed the placing agent to procure altogether not less than six placees, who were independent third parties, on a best effort basis, for subscribing up to an aggregate of 23,500,000 placing shares at HK\$0.395 per placing share. All the placing shares were issued and allotted on 18 July 2012.

On 20th July 2012, a placing agreement was entered into between the Company and the placing agent, pursuant to which the Company appointed the placing agent to procure altogether not less than six placees, who were independent third parties, on a best effort basis, for subscribing up to an aggregate of 35,000,000 placing shares at HK\$0.31 per placing share. All the placing shares were issued and allotted on 3 August 2012.

On 7th August 2012, SG New Energy (BVI) Limited, a wholly-owned subsidiary of the Company, entered into the memorandum of understanding with Mr. Chu Chun Kit, in relation to the possible acquisition of 49% of the issued share capital of EQM (Int'l) Co. Limited. The consideration was expected to be not less than HK\$30,000,000 payable by way of convertible bonds, promissory notes and/or cash. Details of which were disclosed in the announcement of the Company on 7th August 2012.



INTERIM DIVIDEND

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

BUSINESS REVIEW

Total turnover of the Group for the six months ended 30th June 2012 amounted to approximately HK\$17,303,000, representing a 33.13% decrease from that of approximately HK\$25,877,000 generated in the corresponding period in 2011. Loss attributable to owners of the Company for the six months ended 30th June 2012 was approximately HK\$29,736,000 while that of the corresponding period in 2011 was approximately loss of HK\$7,296,000.

During the period, the Company was an investment holding company. The Group's principal activities were involved in manufacture and sale of synthetic sapphire watch crystals and optoelectronic products, and in the trading of liquor, integrated circuits and software trading and development.

On 20 January 2012, Techtrend Holdings Limited, a wholly-owned subsidiary of the Company, entered into the memorandum of understanding with the Sunny Best Global Limited, Prosper Capital Holdings Limited and Easy Vast Limited ("Vendors") in relation to the possible acquisition of 51% of the issued share capital of Beaming Enterprises Limited. Subsequently, Techtrend Holdings Limited and the Vendors further agreed and acknowledged additional terms and conditions regarding the memorandum of understanding. Details of the said memorandum of understanding were disclosed in the announcements dated 26 January 2012 and 5 March 2012. As at 30 June 2012, no formal sale and purchase agreement was entered into, and the said memorandum of understanding was expired.

On 6th March 2012, Excel Energy Holdings Limited, a wholly owned subsidiary of the Company, and the Vendor, Mr. Tam entered into a sale and purchase agreement in relation to the acquisition of 100% issued share capital of Fullway (China) Limited, which in return indirectly holds a residential property location in the PRC. The consideration of the acquisition amounted to HK\$15,000,000 and will be satisfied by the issue of promissory note of equivalent.

Details of the above were set out in the Company's announcement dated 7th March 2012 and 28th March 2012.



On 10th April 2012, Peace Blue Limited, a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement (the “Agreement”) with Mr. Zhi Yujie and Ms. Wong Tak Mei (“Vendor”) to acquire 51% of the issued share capital of Upper Grand Limited at a consideration of HK\$30,000,000 (“the Acquisition”).

Via the Acquisition, the Company will indirectly own 6 retail shops in the People’s Republic of China (“PRC”) for selling of kitchen cabinets.

The Board is confident that given the continuous booming of the economy and urbanization in the PRC, together with the growth in the property market in the PRC, there will be a long-term and growing demand for kitchen cabinets with high quality and good reputation. Therefore, the Board considers that the Acquisition will diversify the Group’s business and broaden its income base as a long-term business investment.

On 31st May 2012, the Company entered into the memorandum of understanding Sky Ray Limited and Million Lofty Limited in relation to the possible acquisition of 25% of the issued share capital of Great Steer Limited (“GSL”).

Double All Limited, a company wholly owned by GSL, intends to set up a wholly foreign owned enterprise in the PRC, which will enter into an agreement with Guangzhou Lianji Electronic Co., Limited (廣州市聯基電子有限公司) to assume and undertake all the contractual and economic benefits and obligations of Guangzhou Lianji Electronic Co., Limited in relation to the business of installing big LED information broadcasting system in various cities in the PRC.

The total consideration payable shall be determined by reference to the valuation report of GSL from an independent professional valuer to be commissioned by the Company at its own cost, which should provide a valuation on GSL at not less than HK\$400 million.

Details of which were disclosed in the announcement of the Company on 31st May 2012.

WARRANTS

During the year, the Company has issued 28,000,000 warrants at an issue price of HK\$0.05 per warrant which attaching the rights to subscribe for 28,000,000 ordinary shares of the Company at a subscription price of HK\$0.81 per share to Equity Reward Limited. Details of the warrants were set out in the announcement dated 5th March 2012. During the period ended 30th June 2012, 23,000,000 warrants were exercised.



FINANCIAL REVIEW

Total turnover of the Group for the six months ended 30th June 2012 amounted to approximately HK\$17,303,000, representing a 33.13% decrease from that of approximately HK\$25,877,000 generated in the corresponding period in 2011. Decrease in turnover was mainly due to the decrease in market demand. Loss attributable to owners of the Company for the six months ended 30th June 2012 was approximately HK\$29,736,000 while that of the corresponding period in 2011 was loss of approximately HK\$7,296,000.

Operating costs for the six months ended 30th June 2012 was approximately HK\$32,344,000, representing an increase of approximately HK\$17,595,000 or 119.3% from the same period of last year. Increase in operating expenses was mainly due to the increase in legal and professional fee of approximately HK\$8,332,000 and increase in the staff costs of approximately HK\$5,668,000 during the period.

Sapphire watch crystals division

The turnover of the sapphire watch crystals for the six months ended 30th June 2012 was approximately HK\$14,244,000 (2011: approximately HK\$19,383,000) representing a decrease of approximately HK\$5,139,000.

Optoelectronics products division

The Group recorded a turnover of approximately HK\$2,160,000 for the six months ended 30th June 2012 (2011: approximately HK\$3,010,000) representing a decrease of approximately HK\$850,000.

Integrated circuits and embedded software trading and development division

The Group recorded a turnover of approximately HK\$351,000 for the six months ended 30th June 2012 (2011: Nil).

Trading of liquor products division

The Group recorded a turnover of approximately HK\$76,000 for the six months ended 30th June 2012 (2011: HK\$3,443,000) representing a decrease of approximately HK\$3,367,000.

Wholesaling of fashions division

The Group recorded a turnover of approximately HK\$472,000 for the six months ended 30th June 2012 (2011: HK\$41,000).



Liquidity and Financial Resources

The Group's shareholders funds were decreased to approximately HK\$38,326,000 as at 30th June 2012 (31st December 2011: approximately HK\$46,265,000). Current assets amounted to approximately HK\$47,336,000 as at 30th June 2012 (31st December 2011: approximately HK\$48,583,000), of which approximately HK\$7,046,000 (31st December 2011: approximately HK\$26,740,000) was cash and bank balances.

As at 30th June 2012, the Group's total borrowings amounted to approximately HK\$7,520,000 (31st December 2011: approximately HK\$4,520,000), of which approximately HK\$7,520,000 (31st December 2011: approximately HK\$4,520,000) were short-term borrowings repayable within one year.

The Group's gearing ratios as at 30th June 2012 was 21.06% (31st December 2011: N/A). Gearing ratio is calculated by dividing the net debt with the aggregate of total capital and net debt. Net debt includes trade payables, other payable and accruals, short-term loans, bank loan, less cash and cash equivalents, and excludes discontinued operations. Total capital represents equity attributable to equity holders of the Company.

Foreign Exchange

The Group has transactional currency exposures as the sales and purchases of the Group were mainly transacted in United States dollars, Swiss Franc, Chinese Renminbi, Euro, New Taiwan dollars and Hong Kong dollars. While the Group is not currently engaged in hedging to manage its currency risk, as it considers the cost associated with such hedging arrangements would exceed the benefits, management will continue to monitor the relevant circumstances and will take such measures as it deem prudent.

Employees

As at 30th June 2012, the Group had [145] employees. Employees were remunerated according to their performances and work experiences. In addition to basic salaries and retirement scheme, staff benefits included free accommodation at the Group's staff quarters in PRC and performance bonus. Total staff costs including directors' remuneration and equity-settled share-based payments expenses for the period were approximately HK\$12,732,000 (2011: approximately HK\$7,064,000).



Material acquisitions and disposal of subsidiaries and affiliated companies

During the period, the Group disposed certain subsidiaries which resulted in a gain on disposal of approximately HK\$524,000. Save as above, the Group had no material acquisitions and disposal of subsidiaries and affiliated companies.

PROSPECTS

The Company will conduct a review on the business operations and financial position of the Company for the purpose of formulating business plans and strategies for its future business development which would enable the Group to diversify its business and broaden its income sources. In addition, the Company will divest in the business areas which did not perform well in past years and/or do not have good business prospects with a view to allocate and concentrate the resources of the Company into the business areas which have better business prospects and exploring other business and investment opportunities.

With the lead of the management team, the Company is actively exploring for business opportunities in other sector to diversify risk and broaden the sources of income of the Company. The Company has adequate resources to continue with business operations, and will continue to centralize corporate objective of developing current businesses in order to strengthen the competitiveness, integrate its capital resources and contribute a maximum wealth to our equity holders.

On 7th August 2012, SG New Energy (BVI) Limited, a wholly-owned subsidiary of the Company, entered into the memorandum of understanding with Mr. Chu Chun Kit, in relation to the possible acquisition of 49% of the issued share capital of EQM (Int'l) Co. Limited ("EQM"). The consideration was expected to be not less than HK\$30,000,000 payable by way of convertible bonds, promissory notes and/or cash.

The principal business activities of EQM are in relation to the development and OEM of toys, promotional items and furniture for the global and local markets as well as various import and export shipping trading services.

Details of which were disclosed in the announcement of the Company on 7th August 2012.

The Group will take possible opportunities in the financial markets to raise funds to facilitate future merger and acquisition activities and increase the working capital of the Group.



SHARE OPTION SCHEME

Under the share option scheme (“New scheme”) adopted by the Company on 8th March 2011, the board of directors of the Company may grant options to eligible full-time or part-time employees (including any executive, non-executive and independent non-executive directors), supplier, customer, shareholder and adviser or consultant of any members of the Group and any person or entity that provides research, development or other technological support to any members of the Group. The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme shall not in aggregate exceed 10% of the total number of shares of the Company in issue on the adoption date of the New Scheme. The maximum number of shares of the Company in respect of which share options may be granted under the New Scheme and any other schemes of the Company must not, in aggregate, exceed 30 per cent of the total number of shares in issue from time to time. The total number of shares to be issued upon exercise of the options granted to each eligible person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue. The exercise price (subscription price) shall be such price as determined by the board of directors in its absolute discretion at the time of the making of the offer but in any case the exercise price shall not be lower than the highest of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheets on the offer date; (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share.

Details of options granted are as follows:

Options type	Date of grant	Exercisable period	Exercise price	Fair value at grant date	Contractual life of options
2011	24/3/2011	24/3/2011 to 23/3/2021	HK\$1.45	HK\$0.7246	9 years
2012	19/3/2012	19/3/2012 to 18/3/2013	HK\$0.95	HK\$0.1436	1 years



The following table disclosed movements of the Company's share options held by employees and directors during the period ended 30th June 2012:

Participant	Date of grant	Exercise price HK\$	Exercisable period	Number of options					At 30/6/2012
				At 1/1/2012	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Directors	-	-	-	-	-	-	-	-	-
Employees	24/3/2011	1.45	24/3/2011 - 23/3/2021	400,000	-	-	-	-	400,000
	19/3/2012	0.95	19/3/2012	-	12,300,000	-	12,300,000	-	-
				400,000	12,300,000	-	12,300,000	-	400,000

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30th June 2012, save as disclosed in the paragraph headed "Share Option Scheme" above, none of the directors and chief executive of the Company has any interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions in which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed under the paragraph headed "Directors' and chief executive's interests in securities" above, at no time during the period under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30th June 2012, so far as the Directors were aware the persons who had an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company under section 336 of the SFO, are as follows:

Name of shareholders	Capacity	Number of shares	Underlying Shares	Long/Short Position	Percentage of issued shares (Note 5)
Good Capital Resources Limited (Note 1)	Beneficial owner	16,645,882	-	Long Position	7.09%
Tang Man Lai (Note 1)	Interest in a controlled corporation	16,645,882	-	Long Position	7.09%
iReady360 Media Networks Limited (Notes 2 & 3)	Beneficial owner	15,202,800	-	Long Position	6.48%
Ng Wai Lok, Raylot (Notes 2 & 3)	Interest in a controlled corporation	15,202,800	-	Long Position	6.48%
Glory Full Investments Limited (Note 4)	Beneficial owner	15,000,000	-	Long Position	6.39%
Luo Chunyu (Note 4)	Interest in a controlled corporation	15,000,000	-	Long Position	6.39%

Notes:

1. Good Capital Resources Limited, a company incorporated in the British Virgin Islands, which is beneficially owned by Tang Man Lai.
2. Pursuant to the order granted by the High Court of Hong Kong on 8th December 2009, iReady360 Media Networks Limited, Mr. Ng Wai Lok, Raylot (as the controlling shareholder of iReady360 Media Networks Limited) are restrained and prohibited, until further order of the court, from exercising any voting right in and from disposing of, selling transferring, mortgaging, assigning, charging or otherwise dealing with any of the ordinary shares of the Company registered in the name of iReady360 Media Networks Limited except in accordance with the instructions of consent of Good Capital Resources Limited.



3. Mr. Ng Wai Lok, Raylot is the controlling shareholder of iReady360 Media Networks Limited.
4. Mr. Luo Chunyu is the controlling shareholder of Glory Full Investments Limited.
5. The percentage is calculated based on 234,749,172 shares in issue as at 31st March 2012.

So far as is known to any director or supervisor, there was no person other than a Director or supervisor or chief executive who, as at 30th June 2012, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or would be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other substantial shareholders whose interest or short position were recorded in the register required to be kept by the Company under section 336 of the SFO.

PURCHASE, SALE, REDEMPTION OR CANCELLATION OF SHARES BY THE COMPANY AND/OR SUBSIDIARIES

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

DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors of the Company have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the period ended 30th June 2012.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICE

For the six months ended 30th June 2012, the Company fully complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules.

COMPETING INTERESTS

During the six months ended 30th June 2012, none of the directors or the management shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had an interest in a business that competed with or might compete with the business of the Group.

AUDIT COMMITTEE

As required by Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee with written terms of reference which deal clearly with its authority and duties. The audit committee's principal duties are the review of the Company's financial reporting process and internal control systems. The audit committee comprises three independent non-executive directors, namely Mr. Jal Nadirshaw Karbhari (Chairman), Mr. Ng Kai Shing and Ms. Chan Sze Man.

The Company's financial statements for the six months ended 30th June 2012 have been reviewed by the audit committee. The audit committee considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the GEM Listing Rules.

By Order of the Board
Chan Ka Ming
Chairman

Hong Kong, 15th August 2012

As at the date of this report, the Board comprises:

- (1) Mr. Chan Ka Ming, as an executive director;
- (2) Mr. Nee, Henry Pei Ching, as an executive director;
- (3) Mr. Ho Chun Kit Geogory, as an executive director;
- (4) Mr. Tam Chak Chi, as an executive director;
- (5) Mr. Ng Kai Shing, as an independent non-executive director;
- (6) Mr. Jal Nadirshaw Karbhari, as an independent non-executive director; and
- (7) Ms. Chan Sze Man, as an independent non-executive director.