



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



Third Quarterly Report 2012



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

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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 total turnover of approximately HK\$22,942,000 for the nine months ended 30 September 2012.
2. The Group has recorded a net loss attributable to equity shareholders of the Company for the nine months ended 30 September 2012 of approximately HK\$37,664,000 representing a basic loss per share of HK cents 15.52.
3. The directors do not recommend the payment of a dividend for the nine months ended 30 September 2012.

QUARTERLY 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 (hereinafter collectively referred to as the “Group”) for the nine months ended 30 September 2012 together with the unaudited comparative figures for the corresponding period in 2011, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	<i>Notes</i>	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Turnover	2	5,639	11,940	22,942	37,817
Cost of sales		<u>(4,664)</u>	<u>(8,738)</u>	<u>(19,854)</u>	<u>(29,027)</u>
Gross profit		975	3,202	3,088	8,790
Other revenue		30	184	585	2,475
Loss on disposal of marketable securities		--	(329)	--	(720)
Operating expenses					
Distribution costs		(216)	(1,592)	(1,326)	(2,623)
Administrative and other operating expenses		<u>(8,657)</u>	<u>(10,438)</u>	<u>(39,890)</u>	<u>(24,156)</u>



	<i>Notes</i>	Unaudited		Unaudited	
		Three months ended		Nine months ended	
		30 September		30 September	
		2012	2011	2012	2011
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Operating loss		(7,868)	(8,973)	(37,543)	(16,234)
Finance costs		(61)	(1)	(121)	(28)
Loss before tax		(7,929)	(8,974)	(37,664)	(16,262)
Income tax	3	-	-	-	(8)
Loss for the period		(7,929)	(8,974)	(37,664)	(16,270)
Other comprehensive income:					
Exchange differences on translating foreign operations		-	375	-	432
Total comprehensive income for the period		<u>(7,929)</u>	<u>(8,599)</u>	<u>(37,664)</u>	<u>(15,838)</u>
Loss attributable to equity shareholders of the Company		<u>(7,929)</u>	<u>(8,974)</u>	<u>(37,664)</u>	<u>(16,270)</u>
Total comprehensive income attributable to equity shareholders of the Company		<u>(7,929)</u>	<u>(8,599)</u>	<u>(37,664)</u>	<u>(15,838)</u>
Loss per share	4				
Basic (in HK cents)		<u>(2.90) cents</u>	(5.02) cents	<u>(15.52) cents</u>	(9.10) cents
Diluted (in HK cents)		<u>N/A</u>	N/A	<u>N/A</u>	N/A

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)*For the nine months ended 30 September 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 1 January 2012	10,587	107,366	535	-	2,665	307	(75,195)	46,265
Issue of warrants	-	-	-	1,400	-	-	-	1,400
Issue of shares								
– warrants exercised	1,150	18,630	-	(1,150)	-	-	-	18,630
– placing of shares	2,347	13,405	-	-	-	-	-	15,752
Recognition of equity settled share-based payments	-	-	-	-	-	3,258	-	3,258
Options cancelled	-	-	-	-	-	(1,767)	1,767	-
Total comprehensive expenses for the period	-	-	-	-	-	-	(37,664)	(37,664)
At 30 September 2012	<u>14,084</u>	<u>139,401</u>	<u>535</u>	<u>250</u>	<u>2,665</u>	<u>1,798</u>	<u>(111,092)</u>	<u>47,641</u>
At 1 January 2011	7,083	34,260	-	-	1,741	1,020	(24,989)	19,115
Issue of shares	3,150	65,265	-	-	-	-	-	68,415
Recognition of equity-settled share-based payments	-	-	-	-	-	1,316	-	1,316
Options exercised/lapsed	354	6,075	-	-	-	(1,876)	1,876	6,429
Total comprehensive income/ (expenses) for the period	-	-	-	-	432	-	(16,270)	(15,838)
At 30 September 2011	<u>10,587</u>	<u>105,600</u>	<u>-</u>	<u>-</u>	<u>2,173</u>	<u>460</u>	<u>(39,383)</u>	<u>79,437</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 31 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 1 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.

2. Turnover

Turnover comprised the net invoiced value (excluding value-added tax) of merchandise sold net of allowances for returns and discounts.

3. Income tax

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

	<i>Notes</i>	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Hong Kong profit tax	(i)	–	–	–	8
Overseas taxation	(ii)	–	–	–	–
		–	–	–	8
		<u>–</u>	<u>–</u>	<u>–</u>	<u>8</u>

Notes:

- (i) No Hong Kong profits tax has been provided for in the financial statements as the Company has no assessable profits generated in Hong Kong for the period (2011: 16.5%).
- (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.

4. Loss per share

The calculation of basic loss per share for nine months ended 30 September 2012 is based on the Group's loss attributable to equity shareholders of the Company for the period of approximately HK\$37,664,000 (2011: approximately HK\$16,270,000) and on the weighted average number of 242,680,283 (2011: 178,802,360) ordinary shares in issue during the period.

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

5. Commitments

(a) Capital commitments

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

	Unaudited	
	As at 30 September	
	2012	2011
	HK\$'000	HK\$'000
Capital contribution to		
a subsidiary	7,000	–
a joint venture company	–	4,882
Proposed acquisition of subsidiaries	–	244
	<hr/>	<hr/>
	7,000	5,126
	<hr/> <hr/>	<hr/> <hr/>



(b) Commitments under operating leases

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

	Unaudited	
	As at 30 September	
	2012	2011
	HK\$'000	HK\$'000
Within one year	150	1,589
In the second to fifth year inclusive	–	1,202
	<u>150</u>	<u>2,791</u>

6. Contingent liabilities

At 30 September 2012, the Group had no material contingent liabilities (2011: Nil).

7. Event after the reporting period

On 8 October 2012, Techtrend Holdings Limited (“Techtrend”), a company incorporated with limited liability in the BVI, being a wholly-owned subsidiary of the Company and Sunny Best Global Limited and Prosper Capital Holdings Limited (“Sunny Best and Prosper Capital”) entered into the sale and purchase and subscription agreement (which was amended pursuant to the Supplemental Agreement signed on 11 October 2012 and the Second Supplemental Agreement signed on 15 October 2012) (collectively called “Agreements”) in relation to the acquisition of approximately 25% equity interest in the Beaming Enterprises Limited (“Beaming”).

Pursuant to the Agreements, (i) Sunny Best and Prosper Capital agreed to sell and Techtrend agreed to purchase approximately 16.7% of the existing issued share capital of Beaming (or approximately 15.0% of the enlarged issued share capital of the Beaming after completion) at a consideration of HK\$17 million; and (ii) Beaming agreed to allot and issue and Techtrend agreed to subscribe for approximately 10% of the enlarged issued share capital of Beaming after completion at a consideration of HK\$8 million, which will be used as general working capital of Beaming and its subsidiaries, namely Asia Base Holding Co., Limited, Beijing Hulian Meijing Technology Limited, Beijing Zhouwei Advertising Limited and Beijing Zhongshi Guanhua Technology Limited (“Beaming Group”). Upon completion, the Company will indirectly own approximately 25% shareholding in Beaming and therefore Beaming will become an associate of the Company.

On 29 October 2012, a placing agreement was entered into between the Company and the Placing Agent, pursuant to which the Company has appointed the Placing Agent to procure altogether not less than six Places, on a best effort basis, for subscribing up to an aggregate of 57,740,000 Placing Shares at HK\$0.40 per Placing Share.

INTERIM DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

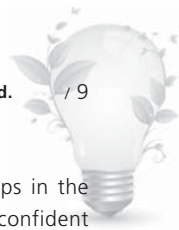
During the period the Group recorded a decrease in turnover and an increase in loss attributable to equity shareholders of Company. The turnover was approximately HK\$22,942,000 (2011: approximately HK\$37,817,000), representing a decrease of 39.33% as compared to the same period in last year. The decrease in turnover was mainly due to the decrease in market demand in the watch sector as compared to last corresponding period. Loss attributable to equity shareholders of the Company for the nine months ended 30 September 2012 was approximately HK\$37,664,000 while loss attributable to equity shareholders of the Company for the corresponding period in 2011 was approximately HK\$16,270,000. The loss was mainly attributable to the increase in staff costs and legal and professional fee.

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, fashion, property investment and integrated circuits and software tracking and development.

On 6 March 2012, Excel Energy Holdings Limited, a wholly owned subsidiary of the Company, and Mr. Tam Wing Yuen 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 would be satisfied by the issue of promissory note of equivalent. The acquisition was completed during the period.

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

On 10 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 to acquire 51% of the issued share capital of Upper Grand Limited at a consideration of HK\$30,000,000 ("the Acquisition-Upper Grand").



Via the Acquisition-Upper Grand, 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-Upper Grand will diversify the Group's business and broaden its income base as a long-term business investment.

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

On 9 August 2012, the Vendors and the Company entered into the Agreement, pursuant to which the Vendors will sell and the Company will acquire 20% of the issued share capital of the GSL at the Consideration of HK\$80,000,000.

Details of which were disclosed in the announcement of the Company on 31 May 2012 and 20 August 2012 and the circular dated 25 October 2012.

On 7 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 7 August 2012.



On 28 August 2012, the Company and Great China Media Holdings Limited entered into a letter of intent in relation to the possible acquisition of 100% of the issued share capital of China Outdoor Media Holdings Limited and Full Pace Holdings Limited. China Outdoor Media Holdings Limited and Full Pace Holdings Limited and their respective subsidiaries are principally engaged in the business of (i) provision of multimedia technical consultancy services in the PRC, (ii) provision of consultancy services and supplying other equipment and materials such as lasers and fireworks display in certain occasions, and (iii) the licence and concessionary advertising business in the mass public transportation systems in the Hong Kong.

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 September 2012, 23,000,000 warrants were exercised.

PLACING OF SHARES

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 23,440,000 placing shares at HK\$0.31 per placing share. All the placing shares were issued and allotted on 3 August 2012.



FINANCIAL REVIEW

For the nine months ended 30 September 2012 the Group recorded a turnover of approximately HK\$22,942,000 (2011: approximately HK\$37,817,000). Loss attributable to equity shareholders of Company for the nine months ended 30 September 2012 was approximately HK\$37,664,000 while loss attributable to equity shareholders of Company for the corresponding period in 2011 was approximately HK\$16,270,000.

Operating expenses for the nine months ended 30 September 2012 was approximately HK\$39,890,000 representing an increase of approximately HK\$15,734,000 or 65.13% for the same period of last year. Increase in operating expenses was mainly due to the increase in legal and professional fee of approximately HK\$6,321,000 and increase in the staff costs of approximately HK\$5,851,000 during the period.

Sapphire watch crystals division

The turnover of the sapphire watch crystals for the nine months ended 30 September 2012 was approximately HK\$19,185,000 (2011: approximately HK\$29,455,000) representing a decrease of approximately HK\$10,270,000.

Optoelectronics products division

The Group's optoelectronics products division recorded a turnover of approximately HK\$2,789,000 for the nine months ended 30 September 2012 (2011: approximately HK\$4,535,000) representing a decrease of approximately HK\$1,746,000.

Integrated circuits and embedded software trading and development division

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

Trading of liquor products division

The turnover of the liquor products for the nine months ended 30 September 2012 was approximately HK\$145,000 (2011: HK\$3,463,000), representing a decrease of approximately HK\$3,318,000.



Wholesaling of fashions division

The Group recorded a turnover of approximately HK\$472,000 for the nine months ended 30 September 2012 (2011: HK\$292,000), representing an increase of approximately HK\$180,000.

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.

Material acquisitions and disposal of subsidiaries and affiliated companies

During the period, the Group acquired the entire issued share capital of Fullway (China) Limited at a consideration of HK\$15,000,000.

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 other material acquisitions and disposal of subsidiaries and affiliated companies during the nine months ended 30 September 2012.

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 8 October 2012, Techtrend Holdings Limited (“Techtrend”), a company incorporated with limited liability in the BVI, being a wholly-owned subsidiary of the Company and Sunny Best Global Limited and Prosper Capital Holdings Limited (“Sunny Best and Prosper Capital”) entered into the sale and purchase and subscription agreement (which was amended pursuant to the Supplemental Agreement signed on 11 October 2012 and the Second Supplemental Agreement signed on 15 October 2012) (collectively called “Agreements”) in relation to the acquisition of approximately 25% equity interest in the Beaming Enterprises Limited (“Beaming”).

Pursuant to the Agreements, (i) Sunny Best and Prosper Capital agreed to sell and Techtrend agreed to purchase approximately 16.7% of the existing issued share capital of Beaming (or approximately 15.0% of the enlarged issued share capital of the Beaming after completion) at a consideration of HK\$17 million; and (ii) Beaming agreed to allot and issue and Techtrend agreed to subscribe for approximately 10% of the enlarged issued share capital of Beaming after completion at a consideration of HK\$8 million, which will be used as general working capital of Beaming and its subsidiaries, namely Asia Base Holding Co., Limited, Beijing Hulian Meijing Technology Limited, Beijing Zhouwei Advertising Limited and Beijing Zhongshi Guanhua Technology Limited (“Beaming Group”). Upon completion, the Company will indirectly own approximately 25% shareholding in Beaming and therefore Beaming will become an associate of the Company.

The principal activities of Beaming Group are research and development, production and selling of computer software, providing technical, training, enquiry services designing, producing and publishing advertisement, providing clients solutions for arranging financial leasing services in the areas of, inter alia, telecommunication, broadcasting and medical equipment business in the PRC.

Giving but not limit to that (i) the positive prospects of the finance leasing business in the PRC; the continuous growth of the Gross Domestic Product according to the National Bureau of Statistics of China in recent years; (ii) the high market potential in the uncompetitive market of the finance leasing in the PRC; the Directors considered that the entering into of the Agreements and the acquisition are in the interests of the Company and the Shareholders as a whole.

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	24/8/2012	24/8/2012 to 23/8/2022	HK\$0.254	HK\$0.0635	10 years



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

Participant	Date of grant	Exercise price HK\$	Exercisable period	At 1/1/2012	Number of options				At 30/9/2012
					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 – 18/3/2013	-	12,300,000	-	12,300,000	-	-
	24/8/2012	0.254	24/8/2012 – 23/8/2022	-	23,474,197	-	-	-	23,474,197
				400,000	35,774,197	-	12,300,000	-	23,874,197

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 September 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 30 September 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 4)
Good Capital Resources Limited (Note 1)	Beneficial owner	16,645,882	–	Long position	5.91%
Tang Man Lai (Note 1)	Beneficial owner and interest in a controlled corporation	16,648,235	–	Long position	5.91%
iReady360 Media Networks Limited (Notes 2 & 3)	Beneficial owner	15,202,800	–	Long position	5.40%
Ng Wai Lok, Raylot (Notes 2 & 3)	Interest in a controlled corporation	15,202,800	–	Long position	5.40%
Cai Rui	Beneficial owner	20,510,000	–	Long position	7.28%
Fang Rongzi	Beneficial owner	19,120,000	–	Long position	6.79%

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. The percentage is calculated based on 281,689,172 shares in issue as at 30 September 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 30 September 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 nine months ended 30 September 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 30 September 2012.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICE

For the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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
Nee, Henry Pei Ching
Executive Director

Hong Kong, 13 November 2012

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

- (1) Mr. Nee, Henry Pei Ching, as an executive director;
- (2) Mr. Ho Chun Kit Gregory, as an executive director;
- (3) Mr. Xu Xuefeng, as an executive director;
- (4) Mr. Lau Tao Hung Henry, 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.