



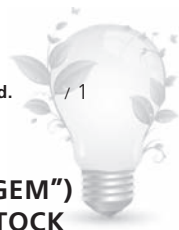
無縫綠色中國(集團)有限公司  
Seamless Green China (Holdings) Ltd.

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

Stock Code: 8150



Interim Report 2013



## **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.**

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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 a total turnover of approximately HK\$15,048,000 for the six months ended 30 June 2013.
2. The Group has recorded a net loss attributable to shareholders for the six months ended 30 June 2013 of approximately HK\$22,243,000, representing a basic loss per share of HK cents 6.11.
3. The Directors do not recommend the payment of a dividend for the six months ended 30 June 2013.

## 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 2013, together with the comparative unaudited figures for the corresponding periods in 2012 (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	
		2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Turnover	2	9,539	8,822	15,048	17,303
Cost of sales		(8,947)	(8,323)	(14,252)	(15,190)
Gross profit		592	499	796	2,113
Other revenue	2	186	(86)	388	17
Gain on disposal of subsidiaries		-	-	-	524
Gain on disposal of property, plant and equipment		-	14	-	14
Operating expenses:					
Selling and distribution cost		(201)	(590)	(343)	(1,110)
Administrative and other operating expenses		(14,044)	(14,064)	(20,847)	(31,234)



	<i>Notes</i>	Three months ended		Six months ended	
		30th June		30th June	
		2013	2012	2013	2012
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss from operation		<b>(13,467)</b>	(14,227)	<b>(20,006)</b>	(29,676)
Share of profit/(losses) of associates		<b>304</b>	–	<b>251</b>	–
Finance costs		<b>(1,372)</b>	(35)	<b>(2,488)</b>	(60)
Loss before taxation	3	<b>(14,535)</b>	(14,262)	<b>(22,243)</b>	(29,736)
Income tax expense	4	–	18	–	–
Loss for the period		<b>(14,535)</b>	(14,244)	<b>(22,243)</b>	(29,736)
Other comprehensive income:					
Exchange differences on translating foreign operations		<b>21</b>	–	524	–
Total comprehensive expense for the period		<b><u>(14,514)</u></b>	<u>(14,244)</u>	<b><u>(21,719)</u></b>	<u>(29,736)</u>
Loss attributable to owners of the Company		<b><u>(14,535)</u></b>	<u>(14,244)</u>	<b><u>(22,243)</u></b>	<u>(29,736)</u>
Total comprehensive expense attributable to owners of the Company		<b><u>(14,514)</u></b>	<u>(14,244)</u>	<b><u>(21,719)</u></b>	<u>(29,736)</u>
Loss per share attributable to the owners of the Company					
Basic	6	<b><u>(3.85) cents</u></b>	<u>(6.07) cents</u>	<b><u>(6.11) cents</u></b>	<u>(13.09) cents</u>
Diluted	6	<b><u>N/A</u></b>	<u>N/A</u>	<b><u>N/A</u></b>	<u>N/A</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		Unaudited 30th June 2013 HK\$'000	Audited 31st December 2012 HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	7	9,325	9,277
Investment property		16,900	16,614
Prepaid land lease payments		628	518
Interest in associates		138,801	64,750
		<u>165,654</u>	<u>91,159</u>
<b>Current assets</b>			
Prepaid land lease payments		17	17
Inventories		3,669	5,949
Trade receivables	8	7,036	3,342
Prepayments, deposits and other receivables		17,331	19,022
Loan to associates		7,006	–
Cash and bank balances		1,756	3,678
		<u>36,815</u>	<u>32,008</u>
<b>Current liabilities</b>			
Bank overdraft		–	1
Trade payables	9	7,776	4,810
Other payables and accruals		11,849	7,376
Tax payable		2,401	2,421
Bank loan		3,000	3,000
Promissory note		7,052	7,000
		<u>32,078</u>	<u>24,608</u>
<b>Net current assets</b>		<u>4,737</u>	<u>7,400</u>
<b>Total assets less current liabilities</b>		<b>170,391</b>	<b>98,559</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,286	1,265
Promissory note		117,610	46,449
		<u>118,896</u>	<u>47,714</u>
<b>NET ASSETS</b>		<u><b>51,495</b></u>	<u><b>50,845</b></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	10	19,631	17,282
Reserves		31,864	33,563
<b>TOTAL EQUITY</b>		<u><b>51,495</b></u>	<u><b>50,845</b></u>



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30th June 2013

	<b>Six months ended</b>	
	<b>30th June</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Net cash outflow from operating activities	<b>(13,783)</b>	(33,818)
Net cash outflow from investing activities	<b>(74,090)</b>	(8,277)
Net cash inflow from financing activities	<b>85,427</b>	24,180
	<hr/>	<hr/>
Net (decrease) in cash and cash equivalents	<b>(2,446)</b>	(17,915)
Cash and cash equivalent at 1st January	<b>3,678</b>	24,961
Effect of foreign exchanges, net	<b>524</b>	–
	<hr/>	<hr/>
Cash and cash equivalents at 30th June	<b><u>1,756</u></b>	<u>7,046</u>
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<b><u>1,756</u></b>	<u>7,046</u>
	<hr/>	<hr/>
	<b><u>1,756</u></b>	<u>7,046</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30th June 2013

	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 2013	17,282	160,639	535	250	2,578	1,351	(131,790)	50,845
Total comprehensive expenses								
for the period	-	-	-	-	524	-	(22,243)	(21,719)
Issues of warrant	-	-	-	641	-	-	-	641
Issues of shares								
- warrants exercised	1,277	13,128	-	(351)	-	-	-	14,054
- placing of shares	250	3,250	-	-	-	-	-	3,500
- options exercised	822	4,396	-	-	-	(1,044)	-	4,174
At 30th June 2013	<u>19,631</u>	<u>181,413</u>	<u>535</u>	<u>540</u>	<u>3,102</u>	<u>307</u>	<u>(154,033)</u>	<u>51,495</u>
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>



## 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 2012. 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, 2013. 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.

### 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 (2012: 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	Total for reportable segments HK\$'000
<b>As at 30th June 2013 (unaudited)</b>					
Segment assets	<u>15,441</u>	<u>4,057</u>	<u>60</u>	<u>1,553</u>	21,111
Unallocated assets					<u>181,358</u>
Consolidated assets					<u><u>202,469</u></u>
<b>As at 31st December 2012 (audited)</b>					
Segment assets	<u>13,326</u>	<u>5,257</u>	<u>2,669</u>	<u>2,178</u>	23,430
Unallocated assets					<u>99,737</u>
Consolidated assets					<u><u>123,167</u></u>

### 3. Loss before taxation (unaudited)

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

	<b>For the six months ended 30th June</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Amortisation of prepaid land lease payments	<b>8</b>	8
Depreciation of property, plant and equipment	<b>119</b>	1,159
Interest on borrowings	<b>75</b>	60
Interest on promissory note	<b>2,413</b>	–
Share-based payments	<u>–</u>	<u>1,767</u>



#### 4. Income tax expense (unaudited)

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

	<i>Notes</i>	<b>For the six months ended 30th June 2013</b>	2012
		<b>HK\$'000</b>	HK\$'000
Hong Kong profit tax	(i)	–	–
Overseas taxation	(ii)	–	–
		<u>–</u>	<u>–</u>
		<u>–</u>	<u>–</u>

Notes:

- (i) Hong Kong profits tax has been provided for in the financial statements at the rate of 16.5% (2012: 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 2013 (2012: Nil).

#### 6. Loss per share

The calculation of basic loss per share for the 6 months ended 30th June 2013 is based on the Group's loss attributable to owners of the Company for the period of approximately HK\$22,243,000 (2012: HK\$29,736,000) and on the weighted average number of 363,830,004 (2012: 227,082,505) shares.

Diluted loss per share for the 6 months ended 30th June 2013 and 6 months ended 30th June 2012 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 2012 (audited)

Opening net book amount 1st January 2012	15,761
Additions	185
Disposal	(4,616)
Depreciation charged	(2,291)
Accumulated depreciation written back on disposals	265
Exchange realignment	(27)
	<u>9,277</u>
Closing net book amount as at 31st December 2012	<u><u>9,277</u></u>

As at 30th June 2013 (unaudited)

Opening net book amount 1st January 2013	9,277
Additions	67
Depreciation charged	(119)
Exchange realignment	100
	<u>9,325</u>
Closing net book amount as at 30th June 2013	<u><u>9,325</u></u>

## 8. Trade receivables

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

	<b>Unaudited</b>	Audited
	<b>30th June</b>	31st December
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Current	<b>5,838</b>	994
31-60 days	<b>450</b>	1,076
61-90 days	<b>537</b>	428
Over 90 days	<b>211</b>	844
	<u><b>7,036</b></u>	<u>3,342</u>
	<u><u><b>7,036</b></u></u>	<u><u>3,342</u></u>

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



## 9. Trade payables

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

	<b>Unaudited 30th June 2013 HK\$'000</b>	Audited 31st December 2012 HK\$'000
Current	<b>3,658</b>	278
31-60 days	<b>402</b>	913
61-90 days	<b>1,649</b>	1,201
Over 90 days	<b>2,067</b>	2,418
	<b><u>7,776</u></b>	<u>4,810</u>

## 10. Share capital

	Number of shares		Share capital	
	Unaudited 30th June 2013 HK\$'000	Audited 31st December 2012 HK\$'000	Unaudited 30th June 2013 HK\$'000	Audited 31st December 2012 HK\$'000
Authorized:				
Ordinary shares of HK\$0.05	<b><u>20,000,000</u></b>	<u>20,000,000</u>	<b><u>1,000,000</u></b>	<u>1,000,000</u>
Issued and fully paid:				
At the beginning of period/year	<b>345,652</b>	211,749	<b>17,282</b>	10,587
Option exercised	<b>16,432</b>	7,043	<b>822</b>	352
Warrants exercised	<b>25,530</b>	23,000	<b>1,277</b>	1,150
Placing of shares	<b>5,000</b>	103,860	<b>250</b>	5,193
At the end of period/year	<b><u>392,614</u></b>	<u>345,652</u>	<b><u>19,631</u></b>	<u>17,282</u>



## 11. Commitments

### *Commitments under operating leases*

At 30th June 2013, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>Unaudited</b>	Audited
	<b>30th June</b>	31st December
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>216</b>	24
In the second to fifth year inclusive	<b>144</b>	896
	<b>360</b>	920

## 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. There was no material related party transactions during the period (2012: Nil)

## 13. Contingent liabilities

At 30th June 2013, the Group had no material contingent liabilities (31st December 2012: Nil).

## 14. Event after the reporting period

On 31 May 2013, 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 Placees, on a best effort basis, for subscribing up to an aggregate of 70,000,000 Placing Shares at HK\$0.80 per Placing Share. The placing was completed on 5 July 2013.

On 8 July 2013, a wholly owned subsidiary of the Company, Option Best Limited ("Option Best"), has signed a memorandum of understanding (the "MOU") with (1) the joint venture company, Power Asia Global Investments Limited (力亞環球投資有限公司) (the "JV Co."); (2) On Charter Global Investments Limited (安卓環球投資有限公司) ("On Charter"); and (3) Mr. Fang Rongzi, in respect of Option Best's and On Charter's investment in the JV Co. (the "Proposed Investments").



Pursuant to the MOU, Option Best has paid to the JV Co. in cash HK\$30,000,000 as earnest money (the "Earnest Money") for the Proposed Investments upon the signing the MOU. Nevertheless, the exact investment amounts of Option Best and On Charter into the JV Co. and whether the Proposed Investments shall be settled in cash or in kind shall be subject to further negotiations between Option Best and On Charter based on the proposed business projects to be carried out by the JV Co. The MOU provided that On Charter and the JV Co. should grant to Option Best an exclusive right to discuss, negotiate and finalise a joint venture agreement (the "JV Agreement") for the Proposed Investments for a period of four months commencing from (and exclusive of) the date of the MOU (the "Exclusivity Period").

On 12 July 2013, Gains Achieve Limited ("Good Achieve"), a wholly-owned subsidiary of the Company and the Strong Base Holdings Limited ("Strong Base") entered into the sale and purchase agreement, pursuant to which, among other things, Strong Base agreed to sell, and Good Achieve agreed to purchase a large LED display system unit at the consideration of HK\$13.5 million. large LED display system unit is for information display or advertisement usage. The Assets consists of a control unit for processing content signal and a large LED display unit for displaying the content.

On 22 July 2013, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Company agreed to issue, and the Subscriber agreed to subscribe for, and aggregate of 1,900,000 Subscription Shares at the Subscription Price of HK\$2.23 per Share.

On 22 July 2013, for the continuing financial advisory service provided to the Company by Chanceton Capital Partners Limited for the period started since 1 January 2013, the financial advisory fee would be satisfied by the issue of Remuneration Shares to Chanceton Capital at an issue price of HK\$2.23 per Remuneration Share. Details were disclosed in the announcement dated 22 July 2013.

On 13 August 2013, the issuance of remuneration shares as disclosed in the announcement of the Company dated 22 July 2013 has been completed. Upon completion, Chanceton Capital Partners Limited will be interested in 1,000,000 Shares.



## INTERIM DIVIDEND

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

## BUSINESS REVIEW

Total turnover of the Group for the six months ended 30th June 2013 amounted to approximately HK\$15,048,000, representing a 13.03% decrease from that of approximately HK\$17,303,000 generated in the corresponding period in 2012. Loss attributable to owners of the Company for the six months ended 30th June 2013 was approximately HK\$22,243,000 while that of the corresponding period in 2012 was approximately HK\$29,736,000.

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, and integrated circuits and software tracking and development.

On 23 January 2013, Silver Bonus Limited, a wholly owned subsidiary of the Company completed the acquisition of 28% issued share capital of Neo Partner Investments Limited, which indirectly holds a subsidiary engaged in the business of distribution of smart products in the PRC. The consideration of the acquisition was HK\$23,800,000 and was satisfied by cash and the issue of promissory note.

On 5 March 2013, the Company entered into the Memorandum Of Understanding ("MOU") with Zhong Ba Xing Ye in relation to the Possible Cooperation in developing a Business to consumer commerce platform under the E-Commerce Project within the rural towns and cities of the PRC.

On 6 March 2013, Silver Bonus Limited, a wholly owned subsidiary of the Company and Great China Media Holdings Limited entered into a sale and purchase agreement in relation to the acquisition of 45% issued share capital of Full Pace Holdings Limited, which indirectly holds a subsidiary engaged in the license and concessionary advertising business in the mass public transportation systems in the Hong Kong and the distribution of Stratospheres within the territory of the PRC, Hong Kong and Macau, The consideration of the acquisition amounted was HK\$50,000,000 and was satisfied by the issue of promissory note.





On 28 March 2013, owing to certain conditions were not fulfilled, all parties agreed to terminate the agreements in relation to the proposed acquisition of approximately 25% shareholding in Beaming Enterprises Limited without any claims or liability with effect from 28 March 2013.

On 7 June 2013, Gains Achieve Limited (“Gains Achieve”), a wholly-owned subsidiary of the Company and Strong Base Holdings Limited (“Strong Base”) entered into the sale and purchase agreement, pursuant to which, among other things, Strong Base agreed to sell, and the Gains Achieve agreed to purchase the large display system unit at a consideration of HK\$10 million in cash. The large display system unit consisted of control unit for processing content signal and large display unit for displaying the content which could provide further potential rental income by leasing out the large display system.

## **CAPITAL STRUCTURE**

On 5 March 2013, a warrant placing agreement was entered between the Company and a placing agent to procure not less than six places to subscribe for 64,130,329 warrants at issue price of HK\$0.01 per warrant. The subscription price of the aforesaid warrants is HK\$0.53 each. The placing was completed on 17 April 2013.

On 22 March 2013, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Company agreed to issue and the Subscriber agreed to subscribe for, and aggregate of 5,000,000 Subscription Shares at the Subscription Price of HK\$0.70 per Share. The placing was completed on 3 May 2013.

During the period, 16,432,443 ordinary shares of HK\$0.05 were issued in respect of the exercise of share option by employees under the share option scheme.

During the period, 25,530,329 ordinary shares of HK\$0.05 were issued in respect of the exercise of warrants.

## **LITIGATION**

On 10 May 2013, a writ of summons was issued and filed on 9 May 2013 in the High Court of Hong Kong by Tam Wing Yuen, Chim Ching Ching and Lu Lijuan (collectively, the “Claimants”) against the Company for claiming the sums in the aggregate amount of approximately HK\$7.2 million (the “Claims”), being the principal sums and interest accrued thereon of the promissory notes issued by the Company and held by the Claimants. The Board is taking the advice from the Company’s legal advisor on dealing with the Claims and will issue further announcement when necessary.



## FINANCIAL REVIEW

Total turnover of the Group for the six months ended 30 June 2013 amounted to approximately HK\$15,048,000, representing a 13.03% decrease from that of approximately HK\$17,303,000 generated in the corresponding period in 2012. Decrease in turnover was mainly due to the decrease in market demand. Loss attributable to owners of the Company for the six months ended 30 June 2013 was approximately HK\$22,243,000 while that of the corresponding period in 2012 was approximately HK\$29,736,000.

Operating costs for the six months ended 30 June 2013 were approximately HK\$21,190,000, representing a decrease of approximately HK\$11,154,000 or 34.49% from the same period of last year. Decrease in operating expenses was mainly due to the decrease in the staff costs of approximately HK\$7,521,000 during the period.

### Sapphire watch crystals division

The turnover of the sapphire watch crystals for the six months ended 30th June 2013 was approximately HK\$12,374,000 (2012: approximately HK\$14,244,000) representing a decrease of approximately HK\$1,870,000.

### Optoelectronics products division

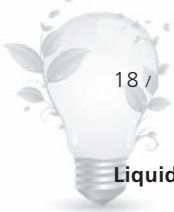
The Group recorded a turnover of approximately HK\$247,000 for the six months ended 30th June 2013 (2012: approximately HK\$2,160,000) representing a decrease of approximately HK\$1,913,000.

### Integrated circuits and embedded software trading and development division

The Group recorded a turnover of approximately HK\$754,000 for the six months ended 30 June 2013 (2012: HK\$351,000).

### Trading of liquor products division

The Group recorded a turnover of approximately HK\$1,673,000 for the six months ended 30 June 2013 (2012: HK\$76,000) representing a decrease of approximately HK\$1,597,000.



## Liquidity and Financial Resources

The Group's shareholders funds were increased to approximately HK\$51,495,000 as at 30 June 2013 (31 December 2012: approximately HK\$50,845,000). Current assets amounted to approximately HK\$36,815,000 as at 30 June 2013 (31 December 2012: approximately HK\$32,008,000), of which approximately HK\$1,756,000 (31 December 2012: approximately HK\$3,678,000) was cash and bank balances.

As at 30 June 2013, the Group's total borrowings amounted to approximately HK\$127,662,000 (31 December 2012: approximately HK\$56,449,000), of which approximately HK\$10,052,000 (31 December 2012: approximately HK\$10,000,000) were short-term borrowings repayable within one year.

The Group's gearing ratios as at 30th June 2013 was 54.96% (31st December 2012: 56.1%). 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.

After considering the Group's current period financial result and existing financial position, the Board will actively seek new additional funding, including but not limited to, issue of new shares and new bank loans to strengthen the Group's financial position and to finance the new projects.

## 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 30 June 2013, the Group had 126 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\$5,211,000 (2012: approximately HK\$12,732,000).



## Material acquisitions and disposal of subsidiaries and affiliated companies

During the period, the Group acquired 28% issued share capital of Neo Partner Investments Limited where the consideration was HK\$23,800,000 and was satisfied by cash and the issue of promissory note. The Group also acquired 45% issued share capital of Full Pace Holdings Limited where consideration was HK\$50,000,000 and was satisfied by the issue of promissory note.

In June 2013, a subsidiary of the Company, Billion Sky Investment Limited (“Billion Sky”), increased the issued share capital by allotting shares to the Company and an Independent third party at fair value of HK\$390 and HK\$382 respectively. After the issue of the shares, the Company and the independent third party held 51% and 49% of the total issued share capital of Billion Sky respectively. Billion Sky owns 100% interest in Rich Point International Limited, a company engaged in the trading of liquor.

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.



The Company was in the process of negotiating with Jiangxu Liantai Guoji Energy-saving Environmental Technology Company Limited (江蘇聯泰國基節能環保科技有限公司) for an investment cooperation project named Jiangxu Liantai Guoji Energy-saving Environmental Technology Industrial Park (江蘇聯泰國基節能環保科技產業園) (the “**Industrial Park**”). The first phase of the Industrial Park occupies an area of approximately 600 mu and is strategically located just two kilometres off the Yixing exit of a highway and next to Route 104 west of Yixing City, Jiangsu Province of the People’s Republic of China.

On 8 August 2013, the Company entered into the memorandum of understanding with Guangzhou Yi Zhi Tong Information Technology Company Limited (“Yi Zhi Tong”) in relation to the establishment of a the joint venture company for the development of the E-Commerce Project in the PRC (“Possible Cooperation”). Yi Zhi Tong is an information technology company incorporated with limited liability in the PRC with advanced technology and product development capacity. It has newly developed an innovative self-service terminal which acts as an interactive multi-media integrating mobile, internet and selfservice terminal network. The function of the self-service terminal includes telephone top-up, movie ticket purchase, and repayment of credit card bills.

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 8 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	8 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 June 2013:

Participant	Date of grant	Exercise price HK\$	Exercisable period	Number of options					At 30/6/2013	
				At 1/1/2013	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period		Redescription during the period
Directors	-	-	-	-	-	-	-	-	-	
Employees	24/3/2011	1.450	24/3/2011 – 23/3/2021	400,000	-	-	-	-	-	400,000
	24/8/2012	0.254	24/8/2012 – 22/8/2022	16,432,441	-	16,432,441	-	-	-	-
				16,832,441	-	16,432,441	-	-	-	400,000

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2013, 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 June 2013, 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 1)
Cai Rui	Beneficial owner	20,510,000	–	Long Position	5.22%
Fang Rongzi	Beneficial owner	54,390,000	–	Long Position	13.85%

Notes:

- The percentage is calculated based on 392,614,420 shares in issue as at 30 June 2013.

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 June 2013, 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 30 June 2013.

## **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 June 2013.

## **COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICE**

For the six months ended 30 June 2013, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules, except for the following code provision:

- (i) Under code provision E.1.2 of the Corporate Governance Code, the Chairman of the Board should attend, and the chairmen of the audit, remuneration and nomination committees should be available to answer questions at the annual general meeting of the Company. Due to prior engagement, the chairman of the audit remuneration nomination committee was unable to attend the annual general meeting of the Company held on 10 May 2013 in person, but the chairman of the committees has already delegated one of the executive directors of the Company to attend the meeting on his behalf.
- (ii) The Company has not separated the roles of the Chairman of the Board and the Chief Executive as required under code provision A.2.1 of the Code. The Company believes that separation of Chairman and the Chief Executive would not result in enhanced efficiency and improved governance. The balance of power and authority between the Chief Executive and the Board is ensured by regular discussion and meetings of the full Board and active participation of independent non-executive directors.
- (iii) Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. All non-executive directors of the Company were not appointed for a specific term, but every director of the Company will be subject to retirement no later than the third annual general meeting after his election, under the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are not less exacting than those in the Code.



## COMPETING INTERESTS

During the six months ended 30 June 2013, 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 and supervision of the Company's financial reporting process and internal control systems. As at the date of this report, the audit committee comprises three independent non-executive directors, namely Mr. Jal Nadirshaw Karbhari (Chairman), Mr. Chin Barry Chi Yung and Ms. Chan Sze Man.

The Company's financial statements for the six months ended 30 June 2013 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  
**Li Jian Chao**  
*Chairman*

Hong Kong, 14 August 2013

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

- (1) Mr. Li Jian Chao, as an executive Director and Chairman;
- (2) Mr. Xu Xuefeng, as an executive Director;
- (3) Mr. Ho Chun Kit Gregory, as an executive Director;
- (4) Mr. Liu Zhong Ping, as an executive Director;
- (5) Mr. Leung Wah, as an executive Director;
- (6) Mr. Chin Barry Chi Yung, as an independent non-executive Director;
- (7) Mr. Jal Nadirshaw Karbhari, as an independent non-executive Director; and
- (8) Ms. Chan Sze Man, as an independent non-executive Director.