



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 2013



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

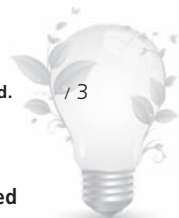
1. The Group has recorded total turnover of approximately HK\$18,639,000 for the nine months ended 30 September 2013.
2. The Group has recorded a net loss attributable to equity shareholders of the Company for the nine months ended 30 September 2013 of approximately HK\$34,064,000 representing a basic loss per share of HK cents 8.48.
3. The directors do not recommend the payment of a dividend for the nine months ended 30 September 2013.

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 2013 together with the unaudited comparative figures for the corresponding period in 2012, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	<i>Notes</i>	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Turnover	2	3,591	5,639	18,639	22,942
Cost of sales		(3,429)	(4,664)	(17,681)	(19,854)
Gross profit		162	975	958	3,088
Other revenue		29	30	417	61
Gain on disposal of subsidiaries		–	–	–	524
Operating expenses:					
Selling and distribution costs		(462)	(216)	(805)	(1,326)
Administrative and other operating expenses		(11,520)	(8,657)	(32,367)	(39,890)



	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
<i>Notes</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Operating loss	(11,791)	(7,868)	(31,797)	(37,543)
Share of profit of associates	1,360	–	1,611	–
Finance costs	(1,390)	(61)	(3,878)	(121)
Loss before tax	(11,821)	(7,929)	(34,064)	(37,664)
Income tax	–	–	–	–
Loss for the period	(11,821)	(7,929)	(34,064)	(37,664)
Other comprehensive income:				
Exchange differences				
on translating foreign				
operations	5	–	529	–
Total comprehensive income for the period	<u>(11,816)</u>	<u>(7,929)</u>	<u>(33,535)</u>	<u>(37,664)</u>
Loss attributable to equity shareholders of the Company	<u>(11,821)</u>	<u>(7,929)</u>	<u>(34,064)</u>	<u>(37,664)</u>
Total comprehensive income attributable to equity shareholders of the Company	<u>(11,816)</u>	<u>(7,929)</u>	<u>(33,535)</u>	<u>(37,664)</u>
Loss per share				
Basic (in HK cents)	<u>(2.47) cents</u>	(2.90) cents	<u>(8.48) cents</u>	(15.52) 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 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 1 January 2013	17,282	160,639	535	250	2,578	1,351	(131,790)	50,845
Issue of warrants	-	-	-	641	-	-	-	641
Issue of shares								
– warrants exercised	2,257	24,165	-	(651)	-	-	-	25,771
– placing of shares	3,895	59,505	-	-	-	-	-	63,400
– option exercised	822	4,396	-	-	-	(1,044)	-	4,174
Total comprehensive income/ (expenses) for the period	-	-	-	-	529	-	(34,064)	(33,535)
At 30 September 2013	<u>24,256</u>	<u>248,705</u>	<u>535</u>	<u>240</u>	<u>3,107</u>	<u>307</u>	<u>(165,854)</u>	<u>111,296</u>
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>



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 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 1 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.

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	
		2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Hong Kong profit tax	(i)	-	-	-	-
Overseas taxation	(ii)	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></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 (2012: Nil).
- (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 2013 is based on the Group's loss attributable to equity shareholders of the Company for the period of approximately HK\$34,064,000 (2012: approximately HK\$37,664,000) and on the weighted average number of 401,758,142 (2012: 242,680,283) ordinary shares in issue during the period.

Diluted loss per share for the nine months ended 30 September 2013 and 30 September 2012 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 2013, the Group had capital commitments contracted but not provided for in the financial statements as follows:

	Unaudited	
	As at 30 September	
	2013	2012
	HK\$'000	HK\$'000
Capital contribution to a subsidiary	–	7,000
	<u>–</u>	<u>7,000</u>
	<u>–</u>	<u>7,000</u>

(b) Commitments under operating leases

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

	Unaudited	
	As at 30 September	
	2013	2012
	HK\$'000	HK\$'000
Within one year	362	150
In the second to fifth year inclusive	3,517	–
	<u>3,879</u>	<u>150</u>
	<u>3,879</u>	<u>150</u>



6. Contingent liabilities

At 30 September 2013, the Group had no material contingent liabilities (2012: Nil).

7. Event after the reporting period

On 2 October 2013, the Company entered into the memorandum of understanding with Sichuang Element of Life Electronic Commerce Company (“Element of Life”) in relation to the establishment of a joint venture company (“JV Company”) for the development of the E-Commerce Project in the PRC.

The Company has expressed intention to establish a JV Company for the development of the E-Commerce Project together with Element of Life to explore the consumer market in the PRC and the Parties have agreed to enter into the memorandum of understanding with the intention of further negotiations for a formal cooperation agreement.

Element of Life 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.

On 11 November 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 97,000,000 Placing Shares at HK\$1.30 per Placing Share. Details were disclosed in the announcement dated 11 November 2013.

Pursuant to the memorandum of understanding dated 7 August 2012 (“MOU”) in relation to a possible acquisition of 49% of the issued share capital of of EQM (Int’l) Co. Limited (“EQM”) as amended by the first, second, third and forth memorandum of understandings dated 6 November 2012 and 6 February 2013, 6 May 2013 and 6 August 2013 respectively, the Parties shall use their best endeavors to negotiate and enter into the Formal Agreement on or before 6 October 2013.

Since the publication of the previous announcements, the Company and its professional advisers have been undertaking due diligence against EQM, and have identified issues that needed to be resolved before the acquisition could proceed. As no Formal Agreement had been entered on or before 6 October 2013, the MOU was terminated without the entering into of any agreement for further extension.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2013 (2012: 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\$18,639,000 (2012: approximately HK\$22,942,000), representing a decrease of 18.76% 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 2013 was approximately HK\$34,064,000 while loss attributable to equity shareholders of the Company for the corresponding period in 2012 was approximately HK\$37,664,000.

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, property investment 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 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.

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 (“Gains 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 Gains Achieve agreed to purchase a large LED display system unit at the consideration of HK\$13.5 million. The 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. The transaction was completed on 17 July 2013.



Reference is made to the announcements dated 27 November 2012 and 27 May 2013 respectively, the Company, Billion Sky Investment Limited (a wholly owned subsidiary of the Company), Central Pacific International Group Limited (“Central Pacific”) and Mr. Tang Wai Ting entered into a sale and purchase agreement in relation to the acquisition of 4.5% shareholding in Central Pacific at a consideration of HK\$10 million. Since the conditions precedent to the acquisition have not been fulfilled, the Board has decided not to extend the Long Stop Date and the sale and purchase agreement was automatically terminated during the period. Upon such termination, each party to the sale and purchase agreement ceased to have any right against or liability towards each other and each party had confirmed that it has no claims against other parties in relation to the sale and purchase agreement.

On 12 July 2013, the Company entered into the Cooperation Agreement with Shanghai Zhou Ming Video Equipment Company Limited (“Shanghai Zhou Ming”), pursuant to which Shanghai Zhou Ming agreed, among other things, to provide adequate spare parts for LED display of the Company in return for, amongst other things, not more than HK\$1 million in cash as capital for the development and working capital for the operation of Beijing LED rental market and an leasing operation team.

During the period, 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, Jiangxu 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 selfservice 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.



On 16 August 2013, Good Return (BVI) Limited, a wholly-owned subsidiary of the Company entered into the sale and purchase agreement with the Primary Billion Limited for the sale of the entire issued share capital of, and shareholder's loan extended to, Arnda Semiconductor Limited, a wholly-owned subsidiary of the Company prior to the completion of the sale and purchase agreement at an aggregate consideration of HK\$11 million. Owing to certain conditions under the sales and purchase agreement were not yet fulfilled, the transaction has not yet been completed up to the date of this report.

On 30 September 2013, the Company entered into the memorandum of understanding with the shareholders who own 51% of the issued share capital of Shenzhen San Sheng Gao Technology Holdings Company Limited ("Shenzhen San Sheng Gao") in relation to the possible acquisition of 51% of the issued share capital of Shenzhen San Sheng Gao.

Shenzhen San Sheng Gao is a company incorporated on 24 December 2007 with limited liability in the PRC. It is principally engaged in development, manufacturing and sales of light emitting diode ("LED") products, LED display, semiconductor lighting products and other electrical integration products, computer software products and indoor and outdoor full color LED electronic display technology development.

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 of warrants 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.

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 Places, 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 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. The placing was completed on 26 August 2013.

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 1,000,000 Remuneration Shares to Chanceton Capital at an issue price of HK\$2.23 per Remuneration Share. The issue of Remuneration Shares was completed on 13 August 2013.

During the period, 16,432,443 ordinary shares of HK\$0.05 at an exercise price of HK\$0.254 per share were issued in respect of the exercise of share option by employees under the share option scheme.

During the period, 5,000,000 ordinary shares of HK\$0.05 at a subscription price of HK\$0.81 were issued in respect of the exercise of warrants.

During the period, 40,130,329 ordinary shares of HK\$0.05 at a subscription price of HK\$0.53 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.

On 1 November 2013, the High Court of Hong Kong has laid down a judgment against the Company, according to which the Company shall pay to the Claimants an aggregate amount of approximately HK\$7.4 million, being the principal sums and interest accrued thereon up to 1 November 2013 of the promissory notes issued by the Company and held by the Claimants.

The Company intends to settle the aforesaid judgment debt in due course. Further announcement(s) will be issued by the Company of any significant development regarding the above case when appropriate.



FINANCIAL REVIEW

For the nine months ended 30 September 2013 the Group recorded a turnover of approximately HK\$18,639,000 (2012: approximately HK\$22,942,000). Loss attributable to equity shareholders of Company for the nine months ended 30 September 2013 was approximately HK\$34,064,000 while loss attributable to equity shareholders of Company for the corresponding period in 2012 was approximately HK\$37,664,000.

Operating expenses for the nine months ended 30 September 2013 was approximately HK\$32,367,000 representing a decrease of approximately HK\$7,523,000 or 18.86% for the same period of last year. Decrease in operating expenses was mainly due to the decrease in the staff costs of approximately HK\$9,025,000 during the period.

Sapphire watch crystals division

The turnover of the sapphire watch crystals for the nine months ended 30 September 2013 was approximately HK\$15,643,000 (2012: approximately HK\$19,185,000) representing a decrease of approximately HK\$3,542,000.

Optoelectronics products division

The Group's optoelectronics products division recorded a turnover of approximately HK\$569,000 for the nine months ended 30 September 2013 (2012: approximately HK\$2,789,000) representing a decrease of approximately HK\$2,220,000.

Integrated circuits and embedded software trading and development division

The Group recorded a turnover of approximately HK\$754,000 for the nine months ended 30 September 2013 (2012: HK\$351,000), representing an increase of approximately HK\$403,000.

Trading of liquor products division

The turnover of the liquor products for the nine months ended 30 September 2012 was approximately HK\$1,673,000 (2012: HK\$145,000), representing an increase of approximately HK\$1,528,000.



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 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.

On 16 August 2013, Good Return (BVI) Limited, a wholly-owned subsidiary of the Company entered into the sale and purchase agreement with the Primary Billion Limited for the sale of the entire issued share capital of, and shareholder’s loan extended to, Arnda Semiconductor Limited, a wholly-owned subsidiary of the Company prior to the completion of the sale and purchase agreement at an aggregate consideration of HK\$11 million. Since certain conditions under the sale and purchaser agreement were not yet fulfilled, the transaction has not yet been completed during the period. Accordingly, the Company has not accounted for the disposal of the subsidiaries for the period ended 30 September 2013.

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.

On 2 October 2013, the Company entered into the memorandum of understanding with Sichuang Element of Life Electronic Commerce Company (“Element of Life”) in relation to the establishment of a joint venture company (“JV Company”) for the development of the E-Commerce Project in the PRC.

The Company has expressed intention to establish a JV Company for the development of the E-Commerce Project together with Element of Life to explore the consumer market in the PRC and the Parties have agreed to enter into the memorandum of understanding with the intention of further negotiations for a formal cooperation agreement.

Element of Life 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.

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.



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	Remaining 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	9 years



The following table disclosed movements of the Company's share options held by employees and directors during the period ended 30th September 2013:

Participant	Date of grant	Exercise price	Exercisable period	Number of options					At 30/9/2013
				At 1/1/2013	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
	24/8/2012	0.254	24/8/2012 - 23/8/2022	16,432,441	-	16,432,441	-	-	-
				<u>16,832,441</u>	<u>-</u>	<u>16,432,441</u>	<u>-</u>	<u>-</u>	<u>400,000</u>

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 September 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 September 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
					<i>(Note 1)</i>
Fang Rongzi	Beneficial owner	54,390,000	-	Long position	11.21%

Notes:

- The percentage is calculated based on 485,114,420 shares in issue as at 30 September 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 September 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 nine months ended 30 September 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 September 2013.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICE

For the nine months ended 30 September 2013, 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 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 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), Ms. Chan Wing Sze and Mr. Tse Wa Ngok.

The Company's financial statements for the nine months ended 30 September 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

Xu Xuefeng

Executive Director

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) Ms. Lee Po Chu Feona, as an executive Director;
- (7) Mr. Fok Ching Fung, as an executive Director;
- (8) Mr. Jal Nadirshaw Karbhari, as an independent non-executive Director;
- (9) Ms. Chan Wing Sze, as an independent non-executive Director;
- (10) Mr. Tse Wa Ngok, as an independent non-executive Director;
- (11) Mr. Zou Weijun, as an independent non-executive Director; and
- (12) Mr. Koo Kim Shing, as an independent non-executive Director.