



**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**  
**2014**

## **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 of the Stock Exchange 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” and the “Directors”, respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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\$16,772,000 for the six months ended 30th June 2014.
2. The Group has recorded a net loss attributable to shareholders for the six months ended 30th June 2014 of approximately HK\$31,009,000, representing a basic loss per share of HK cents 5.83.
3. The Board does not declare the payment of a dividend for the six months ended 30th June 2014.

## FINANCIAL RESULTS (UNAUDITED)

The board of Directors (the “Board”) of 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 2014 together with the relevant comparative unaudited figures as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Notes	Three months ended 30th June		Six months ended 30th June	
		2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Turnover	2	<b>5,558</b>	9,539	<b>16,772</b>	15,048
Cost of sales		<b>(4,035)</b>	(8,947)	<b>(13,580)</b>	(14,252)
Gross profit		<b>1,523</b>	592	<b>3,192</b>	796
Other revenue	2	<b>6</b>	186	<b>14</b>	388
Gain on disposal of subsidiaries		<b>–</b>	–	<b>94</b>	–
Impairment loss on interest in an associate		<b>(3,020)</b>	–	<b>(3,020)</b>	–
Operating expenses:					
Selling and distribution costs		<b>(443)</b>	(201)	<b>(872)</b>	(343)
Administrative and other operating expenses		<b>(15,472)</b>	(14,044)	<b>(28,700)</b>	(20,847)
Loss from operations	3	<b>(17,406)</b>	(13,467)	<b>(29,292)</b>	(20,006)
Share of profit in associates		<b>388</b>	304	<b>1,031</b>	251
Finance costs	4	<b>(1,384)</b>	(1,372)	<b>(2,748)</b>	(2,488)
Loss before taxation		<b>(18,402)</b>	(14,535)	<b>(31,009)</b>	(22,243)
Income tax expense	5	<b>–</b>	–	<b>–</b>	–
Loss for the period		<b>(18,402)</b>	(14,535)	<b>(31,009)</b>	(22,243)
Other comprehensive income:					
Exchange differences on translating foreign operations		<b>–</b>	21	<b>(142)</b>	524
Total comprehensive expense for the period		<b>(18,402)</b>	(14,514)	<b>(31,151)</b>	(21,719)
Loss attributable to owners of the Company		<b>(18,402)</b>	(14,535)	<b>(31,009)</b>	(22,243)
Total comprehensive expense attributable to owners of the Company		<b>(18,402)</b>	(14,514)	<b>(31,151)</b>	(21,719)
Loss per share attributable to the owners of the Company					
Basic	7	<b>(3.20) cents</b>	(3.85) cents	<b>(5.83) cents</b>	(6.11) cents
Diluted	7	<b>N/A</b>	N/A	<b>N/A</b>	N/A

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>Unaudited 30th June 2014 HK\$'000</b>	Audited 31st December 2013 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	<i>8</i>	<b>23,614</b>	32,635
Prepaid land lease payments		–	530
Interest in associates		<b>146,235</b>	70,225
Available-for-sale financial assets		<b>15,725</b>	–
		<b>185,574</b>	103,390
<b>Current assets</b>			
Prepaid land lease payments		–	17
Inventories		<b>10,134</b>	1,889
Trade receivables	<i>9</i>	<b>5,013</b>	3,899
Prepayments, deposits and other receivables		<b>37,321</b>	33,130
Loan to associates		<b>7,006</b>	7,006
Cash and bank balances		<b>1,279</b>	782
		<b>60,753</b>	46,723
Assets of disposal group classified as held for sale		<b>15,663</b>	15,663
		<b>76,416</b>	62,386
<b>Current liabilities</b>			
Trade payables	<i>10</i>	<b>11,894</b>	4,681
Other payables and accruals		<b>10,691</b>	16,012
Tax payable		<b>4</b>	2,150
Bank loan		<b>4,125</b>	2,829
		<b>26,714</b>	25,672
Liabilities of disposal group classified as held for sale		<b>3,075</b>	3,075
		<b>29,789</b>	28,747
<b>Net current assets</b>		<b>46,627</b>	33,639

	<i>Note</i>	<b>Unaudited 30th June 2014 HK\$'000</b>	Audited 31st December 2013 HK\$'000
<b>Total assets less current liabilities</b>		<b>232,201</b>	137,029
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>39</b>	134
Promissory note		<b>112,525</b>	109,923
		<b>112,564</b>	110,057
<b>NET ASSETS</b>		<b>119,637</b>	26,972
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>11</i>	<b>29,634</b>	24,256
Reserves		<b>91,481</b>	4,194
Equity attributable to the owners of the Company		<b>121,115</b>	28,450
Non-controlling interests		<b>(1,478)</b>	(1,478)
<b>TOTAL EQUITY</b>		<b>119,637</b>	26,972

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30th June 2014

	Six months ended 30th June	
	2014 HK\$'000	2013 HK\$'000
Net cash outflow from operating activities	<b>(24,586)</b>	(13,783)
Net cash outflow from investing activities	<b>(91,676)</b>	(74,090)
Net cash inflow from financing activities	<b>116,901</b>	85,427
Net increase/(decrease) in cash and cash equivalents	<b>639</b>	(2,446)
Cash and cash equivalents at 1st January	<b>782</b>	3,678
Effect of foreign exchanges, net	<b>(142)</b>	524
Cash and cash equivalents at 30th June	<b>1,279</b>	1,756
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<b>1,279</b>	1,756

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

For the six months ended 30th June 2014

	Share capital	Share premium	Revaluation reserve	Warrant reserve	Exchange reserve	Share based payment reserve	Accumulated losses	Non- controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2014	24,256	248,705	535	240	4,319	34,532	(284,137)	(1,478)	26,972
Total comprehensive expenses for the period	-	-	-	-	(142)	-	(31,009)	-	(31,151)
Recognition of equity settled share based payments	-	-	-	-	-	7,031	-	-	7,031
Issues of shares									
- warrants exercised	550	5,390	-	(110)	-	-	-	-	5,830
- shares	4,828	106,127	-	-	-	-	-	-	110,955
At 30th June 2014	29,634	360,222	535	130	4,177	41,563	(315,146)	(1,478)	119,637
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
- shares	250	3,250	-	-	-	-	-	-	3,500
- options exercised	822	4,396	-	-	-	(1,044)	-	-	4,174
At 30th June 2013	19,631	181,413	535	540	3,102	307	(154,033)	-	51,495



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared to comply with the disclosure requirements of the GEM Listing Rules.

The accounting policies and method of computation used in the preparation of these results are consistent with those used in the annual financial statements for the year ended 31st December 2013. 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 2014. The adoption of such new or revised standards, amendments to standards and interpretations does not have a material impact on the consolidated financial statements and does not result in substantial changes to the Group's accounting policies.

The condensed consolidated financial statements have not been audited by the Company's independent auditor, but have been reviewed by the Company's audit committee.

There unaudited interim financial statements should be read in conjunction with the annual report for the year ended 31st December 2013.

## 2. SEGMENTS INFORMATION

Segment information reported to the chief operating decision maker, the Directors, 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 (2013: 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.

**Six months ended 30th June 2014 (unaudited)**

	Synthetic sapphire watch crystals HK\$'000	Optoelectronic products HK\$'000	Liquor HK\$'000	Integrated circuits and software HK\$'000	Consolidated HK\$'000
Segment revenue	14,900	1,872	-	-	16,772
Segment results	(713)	(84)	(30)	-	(827)
Reconciliation:					
Total loss for reportable segments					(827)
Unallocated corporate income					7
Interest income					7
Share of profit in associates					1,031
Impairment loss on interest in an associate					(3,020)
Unallocated corporate expenses					(25,459)
Finance costs					(2,748)
Loss before taxation					(31,009)

**Six months ended 30th June 2013 (unaudited)**

	Synthetic sapphire watch crystals HK\$'000	Optoelectronic products HK\$'000	Liquor HK\$'000	Integrated circuits and software HK\$'000	Consolidated HK\$'000
Segment revenue	12,374	247	1,673	754	15,048
Segment results	(1,028)	(935)	(895)	(201)	(3,059)
Reconciliation:					
Total loss for reportable segments					(3,059)
Unallocated corporate income					387
Interest income					1
Share of profit in associates					251
Unallocated corporate expenses					(17,335)
Finance costs					(2,488)
Loss before taxation					(22,243)

	Synthetic sapphire watch crystals HK\$'000	Optoelectronic products HK\$'000	Liquor HK\$'000	Total for reportable segments HK\$'000
<b>As at 30th June 2014 (unaudited)</b>				
Segment assets	5,536	3,217	7,418	16,171
Unallocated assets				245,819
Consolidated assets				261,990
<b>As at 31st December 2013 (audited)</b>				
Segment assets	11,415	3,207	1,745	16,367
Unallocated assets				149,409
Consolidated assets				165,776

### 3. LOSS FROM OPERATIONS

The Group's operating loss is arrived at after charging:

	Unaudited For the six months ended 30th June	
	2014 HK\$'000	2013 HK\$'000
Amortisation of prepaid land lease payments	-	8
Depreciation of property, plant and equipment	658	119
Employee benefit expense (including directors' emoluments)	19,963	5,211
Share based payments	7,031	-

#### 4. FINANCE COSTS

	Unaudited For the six months ended 30th June	
	2014 HK\$'000	2013 HK\$'000
Interest on borrowings	94	75
Interest on promissory note	2,654	2,413
	<b>2,748</b>	2,488

#### 5. INCOME TAX EXPENSE (UNAUDITED)

No provision for Hong Kong profits tax was provided for as the Group had no estimated assessable profits arising in or derived from Hong Kong during the six months ended 30th June 2014 and 30th June 2013.

No provision for the overseas profits tax has been made during the periods as the overseas subsidiaries had no assessable profits for the six months ended 30th June 2014 and 30th June 2013.

There are no material unrecognised deferred tax assets and liabilities for the period.

#### 6. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th June 2014 (2013: Nil).

#### 7. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30th June 2014 is based on the Group's loss attributable to owners of the Company for the period of approximately HK\$31,009,000 (2013: HK\$22,243,000) and on the weighted average number of 532,294,025 (2013: 363,830,004) shares.

Diluted loss per share for the six months ended 30th June 2014 and six months ended 30th June 2013 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 periods and are regarded as anti-dilutive.

## 8. PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
As at 31st December 2013 (audited)	
Opening net book amount 1st January 2013	9,277
Additions	24,985
Transfer to disposal group classified as held for sale	(238)
Depreciation charged	(1,566)
Exchange realignment	177
<b>Closing net book amount as at 31st December 2013</b>	<b>32,635</b>
As at 30th June 2014 (unaudited)	
Opening net book amount 1st January 2014	32,635
Additions	60
Disposal of subsidiaries	(8,344)
Depreciation charged	(658)
Exchange realignment	(79)
<b>Closing net book amount as at 30th June 2014</b>	<b>23,614</b>

## 9. TRADE RECEIVABLES

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

	<b>Unaudited 30th June 2014 HK\$'000</b>	Audited 31st December 2013 HK\$'000
Current	<b>4,311</b>	1,536
31-60 days	<b>292</b>	1,689
61-90 days	<b>386</b>	159
Over 90 days	<b>24</b>	515
	<b>5,013</b>	3,899

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

## 10. TRADE PAYABLES

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

	<b>Unaudited 30th June 2014 HK\$'000</b>	Audited 31st December 2013 HK\$'000
Current	<b>1,622</b>	2,334
31-60 days	<b>428</b>	980
61-90 days	<b>1,681</b>	752
Over 90 days	<b>8,163</b>	615
	<b>11,894</b>	4,681

## 11. SHARE CAPITAL

	<b>Unaudited 30th June 2014</b>		Audited 31st December 2013	
	<b>Number of shares (thousands)</b>	<b>HK\$'000</b>	Number of shares (thousands)	HK\$'000
Authorised:				
Ordinary shares of HK\$1 each	<b>20,000,000</b>	<b>1,000,000</b>	20,000,000	1,000,000

	<b>Number of shares (thousands)</b>	<b>Share capital HK\$'000</b>
Opening balance 1st January 2014	<b>485,114</b>	<b>24,256</b>
Proceeds from shares issued:		
– warrants exercised	<b>11,000</b>	<b>550</b>
– placing of shares	<b>96,556</b>	<b>4,828</b>
At 30th June 2014	<b>592,670</b>	<b>29,634</b>
Opening balance 1st January 2013	345,640	17,282
Proceeds from shares issued:		
– warrants exercised	25,540	1,277
– option exercised	16,440	882
– placing of shares	5,000	250
At 30th June 2013	392,620	19,631

## 12. COMMITMENTS

### Commitments under operating leases

At 30th June 2014, 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>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>126</b>	216
In the second to fifth year inclusive	<b>-</b>	18
	<b>126</b>	234

## 13. 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 (2013: Nil).

## 14. CONTINGENT LIABILITIES

At 30th June 2014, the Group had no material contingent liabilities (31st December 2013: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

Total turnover of the Group for the six months ended 30th June 2014 amounted to approximately HK\$16,772,000, representing a 11% increase from that of approximately HK\$15,048,000 generated in the corresponding period in 2013. Loss attributable to owners of the Company for the six months ended 30th June 2014 was approximately HK\$31,009,000 while that of the corresponding period in 2013 was approximately HK\$22,243,000.

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.

#### **Sapphire watch crystals division**

The turnover of the sapphire watch crystals for the six months ended 30th June 2014 was approximately HK\$14,900,000 (2013: approximately HK\$12,374,000) representing an increase of approximately HK\$2,526,000.

#### **Optoelectronics products division**

The Group recorded a turnover of approximately HK\$1,872,000 for the six months ended 30th June 2014 (2013: approximately HK\$247,000) representing an increase of approximately HK\$1,625,000.

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

The Group did not generate any revenue during the six months ended 30th June 2014 (2013: HK\$754,000).

#### **Trading of liquor products division**

The Group did not generate any revenue during the six months ended 30th June 2014 (2013: HK\$1,673,000).

### **CAPITAL STRUCTURE**

On 10th January 2014, for the continuing financial advisory service provided to the Company by Chanceton Capital Partners Limited, 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\$1.18 per Remuneration Share. The issue of Remuneration Shares was completed on 15th January 2014.

On 10th January 2014, the Company issued 40,000,000 Shares at an issue price of HK\$1.3 per share for the consideration paid in respect of the acquisition of World Sheen International Group Limited.



On 29th January 2014, the Company has granted, subject to acceptance of the grantees (“Grantees”), share options (the “Options”) to certain eligible persons under the share option scheme of the Company adopted on 8th March 2011, to subscribe for a total of 9,700,000 Shares of HK\$0.05 each at an exercise price of HK\$1.16 per share.

During the period, 2,000,000 Shares of HK\$0.05 at a subscription price of HK\$0.53 were issued in respect of the exercise of warrants.

On 19th February 2014, the Company, and Ms. Liang Yong Hong and Mr. Ip King Fon, being the subscribers, entered into the subscription agreements, pursuant to which the Company agreed to issue, and the Ms. Liang Yong Hong and Mr. Ip King Fon, agreed to subscribe for, an aggregate of 4,000,000 and 1,000,000 Shares respectively at the subscription price of HK\$1 per share. The aggregate nominal value of all 5,000,000 Shares under the subscription is HK\$250,000. Ms. Liang Yong Hong and Mr. Ip King Fon, are an independent third party. As at 19 February 2014, the market closing price per share of the Company was HK\$1.07. The net proceeds from the subscription, after deduction of the subscription commission and other related expenses was approximately HK\$4.9 million, representing a net issue price of HK\$0.98 per share. The net proceeds from this subscription have been used as general working capital of the Group. The subscription of new shares was completed on 5th March 2014.

On 27th May 2014, the Company and Mr. Wong Kin Hong, being the subscriber, entered into an subscription agreement, pursuant to which the Company agreed to issue, and the Mr. Wong Kin Hong agreed to subscribe for, an aggregate of 17,000,000 Shares at the subscription price of HK\$1 per share. The aggregate nominal value of all 17,000,000 Shares under the subscription is HK\$850,000. Mr. Wong Kin Hong is an independent third party. As at 27th May 2014, the market closing price per share of the Company was HK\$0.74. The net proceeds from the subscription, after deduction of the subscription commission and other related expenses was approximately HK\$10.93 million, representing a net issue price of HK\$0.64 per share. The net proceeds from this subscription have been used as general working capital of the Group. Please refer to the announcement dated 27th May 2014 for details.

## LITIGATION

- i) On 6th March 2012, the Company was named as one of the defendants and other defendants are current and former directors of the Company in a litigation. The allegations were focused on the validity of the Special General Meeting dated 19th March 2012. Amount of claims and damages had not been stated in the writ. The Company had appointed a legal advisor to deal with this allegation, in the views of Directors, the allegation would not have any financial impact to the financial statements.
- ii) On 14th March 2012, the Company was named as one of the defendants and other defendants are current and former directors of the Company in a litigation. The allegations were focused on the validity of the issuance of warrants and share options in March 2012. Amounts of claims and damages had not been mentioned in the writ. The Company had appointed a legal advisor to deal with this allegation. In the view of the Directors, the allegation would not have any financial impact to the financial statements.

- iii) Excel Energy Holdings Limited (“Excel Energy”), a wholly owned subsidiary of the Company, and the Company were named as the 1st Defendant and 2nd Defendant (the “Defendants”) respectively in the Writ of Summons dated 28th February 2014 issued by Long China Holdings Limited (the “Plaintiff”).

The Plaintiff alleged that the Defendants failed and/or refused to honour their respective obligations under the sale and purchase agreement dated 3rd December 2013 entered into between the Plaintiff (as purchaser), Excel Energy (as vendor) and the Company (as guarantor) for the disposal of the entire equity interests in Fullway (China) Limited at the consideration of HK\$13,800,000, for which the Plaintiff paid HK\$7,900,000 as deposit to the Defendants. The Plaintiff now claims for the return of the said deposit.

The Company has appointed a legal adviser to handle the dispute. The maximum exposure of liability under the dispute may be the repayment of the deposit of HK\$7,900,000, the related interests thereon under the High Court Ordinance and the potential Plaintiff’s claim for loss and damages.

- iv) On 27th March 2014, Good Return (BVI) Limited (a wholly-owned subsidiary of the Company) (“Good Return”) issued writs of summons against Wickham Ventures Limited (“Wickham”) and Ms. Lee Hei Wun (“Ms. Lee”) for claiming, inter alia, the profit guarantee shortfall in the sum of HK\$3,000,000 as a result of the inability of Arnda Semiconductor Limited (“Arnda”) to make any profit during the year ended 31st December 2012. Reference is made to the Company’s announcements dated 6 April 2011, 19th March 2012 and 24th March 2014. Pursuant to the sale and purchase agreement under which Good Return acquired Arnda Semiconductor Limited from Wickham in 2011, Wickham and Ms. Lee guarantee to pay to Good Return the difference between the actual amount of net profit after tax of Arnda and the guaranteed profit in the sum of HK\$3,000,000 for the year ended 31st December 2012. According to the audited accounts of Arnda for the year ended 31st December 2012, Arnda made a loss of HK\$1,252,101 and thus the profit guarantee shortfall is HK\$3,000,000, which Wickham and Ms. Lee have failed to pay to Good Return despite its demand.

On 25th June 2014, the High Court of the Hong Kong Special Administrative Region, Court of First Instance issued the final judgement that Ms. Lee required to pay Good Return the sum of HK\$3,000,000 together with the interest, and a fixed cost of HK\$10,500.

Save as disclosed above, neither the Company nor any of its subsidiaries was involved in any litigation at the end of the reporting period.

## **FINANCIAL REVIEW**

Total turnover of the Group for the six months ended 30th June 2014 amounted to approximately HK\$16,772,000, representing a 11% increase from that of approximately HK\$15,048,000 generated in the corresponding period in 2013. Increase in turnover was mainly due to the increase in market demand. Loss attributable to owners of the Company for the six months ended 30th June 2014 was approximately HK\$31,009,000 while that of the corresponding period in 2013 was approximately HK\$22,243,000.

Operating expenses for the six months ended 30th June 2014 were approximately HK\$29,572,000, representing an increase of approximately HK\$8,382,000 or 40% from the same period of last year. Increase in operating expenses was mainly due to the increase in the staff costs during the period.

For prudent sake, the Group provided further impairment for the investment in Great Steer Limited, an associate of the Company, amounting HK\$3,020,000 as the Group has not been able to obtain the accounting records of Great Steer Limited so as to assess its carrying value as at 30th June 2014. To the best knowledge of the directors of the Company, the key personnel of the management of Shanghai Jingmei Media Technology Company Limited (上海景媒媒體技術有限公司), the principal operating subsidiary of Great Steer Limited in the PRC have been changed recently. For that reason, the Company's investment in Great Steer Limited was therefore fully impaired as at 30th June 2014. The Company has instructed its legal advisers to issue a demand letter to Great Steer Limited to provide relevant financial information and related transaction record for accounting and assessment but no response has been received up to the date hereof. The Company will keep the shareholders and the public informed of any material development in connection with the above proceedings by way of further announcement(s) as and when appropriate new information has come to light.

### **Liquidity and Financial Resources**

The Group's shareholders funds were increased to approximately HK\$119,637,000 as at 30th June 2014 (31st December 2013: approximately HK\$26,972,000). Current assets amounted to approximately HK\$46,627,000 as at 30th June 2014 (31st December 2013: approximately HK\$33,639,000), of which approximately HK\$1,279,000 (31st December 2013: approximately HK\$782,000) was cash and bank balances.

As at 30th June 2014, the Group's total borrowings amounted to approximately HK\$116,650,000 (31st December 2013: approximately HK\$112,752,000), of which approximately HK\$4,125,000 (31st December 2013: approximately HK\$2,829,000) were short-term borrowings repayable within one year.

The Group's gearing ratios as at 30th June 2014 was 53.6% (31st December 2013: 84.1%). 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.

### **Employees and remuneration policies**

As at 30th June 2014, the Group had 75 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 the People's Republic of China and performance bonus. Total staff costs including directors' remuneration and equity-settled share-based payments expenses for the period were approximately HK\$19,963,000 (2013: approximately HK\$5,211,000).

## Significant investments, material acquisitions and disposal of subsidiaries and affiliated companies

- (i) On 30th January 2014, Mr. Lee Man Bun and the Company entered into the sale and purchase agreement, pursuant to which the Company would acquire 16,595,000 ordinary shares of £0.01 each in the issued share capital of Gowin New Energy Group Limited, a company incorporated with limited liability in the Cayman Islands, the shares of which are listed on AIM of the London Stock Exchange at the consideration of HK\$15,725,280. The consideration would be satisfied in full by the allotment and issue of 13,556,276 shares of the Company (the “Shares”) at the issue price of HK\$1.16 per share. The transaction was completed on 2nd April 2014.
- (ii) On 28th February 2014, Silver Bonus Limited, a limited liability company incorporated under the laws of British Virgin Islands and a wholly-owned subsidiary of the Company, He A Jiao and Dai Zhongjin and the Company entered into the Sale and Purchase Agreement whereby Silver Bonus Limited has conditionally agreed to acquire from He A Jiao and Dai Zhongjin the 20 shares in the issued share capital of Central Tech Asia Limited (“Central Tech”), representing 20% of the issued share capital of Central Tech, for the consideration of HK\$26,000,000 which shall be satisfied by the allotment and issue, credited as fully paid, of 20,000,000 Shares at an issue price of HK\$1.3 per share to He A Jiao and Dai Zhongjin on the completion date.

Upon completion, Central Tech would be accounted for as investment in an associate in the financial statements of the Company. The transaction was completed on 25th April 2014.

- (iii) On 31st March 2014, Jewel King Limited, a wholly-owned subsidiary of the Company, and eLiving Hong Kong Limited (“eLiving”) entered into the Sale and Purchase Agreement whereby Jewel King Limited has conditionally agreed to acquire 51% of the issued share capital of eLiving, for the consideration of HK\$144,230,770. The transaction is subject to fulfillment of the conditions precedent by 30th September 2014 as detailed in the Company’s announcement dated 31st March 2014, completion of the acquisition may or may not proceed as envisaged.
- (iv) During the period, the Group disposed certain subsidiaries which resulted in a gain on disposal of approximately HK\$94,000.
- (v) During the period, the Group acquired 18% of the issued share capital of World Sheen International Group Limited for the consideration of HK\$52,000,000, which was satisfied by the allotment and issue of 40,000,000 shares of HK\$1.3 per share. The transaction was completed on 10th January 2014.
- (vi) During the period, the Group acquired 20% of the issued share capital of Central Tech Asia Ltd. for the consideration of HK\$26,000,000, which was satisfied by the allotment and issue of 40,000,000 of HK\$1.3 per share. The transaction was completed on 25th April 2014.

Save as disclosed above, the Group had no significant investments, material acquisitions and disposal of subsidiaries and affiliated companies.

## Exposure to fluctuations in exchange rates or any related hedges

During the six months ended 30th June 2014, the Group had no significant exposure to fluctuations in foreign exchange rates or any related hedges.

## **Pledge of assets and contingent liabilities**

As at 30th June 2014, the Group had no pledge of assets and contingent liabilities.

## **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.

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 adopted by the Company on 8th March 2011 (the “New scheme”), the Board 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% 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 except the independent non-executive directors and substantial shareholders (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 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 per share HK\$	Fair value at grant date per share HK\$	Remaining contractual life of options
2011	24/3/2011	24/3/2011 – 23/3/2021	1.45	0.7246	8 years
2011	19/11/2013	19/11/2013 – 18/11/2023	1.594	0.9225	10 years
2011	29/1/2014	29/7/2014 – 28/2/2024	1.16	0.7248	10 years

The following table discloses movements of the Company's share options held by employees and directors during the period ended 30th June 2014:

Participant	Date of grant	Exercise price per share HK\$	Exercise period	At 1/1/2014 '000	Number of options				At 30/6/2014 '000
					Granted during the period '000	Exercised during the period '000	Cancelled during the period '000	Lapsed during the period '000	
Directors	19/11/2013	1.594	19/11/2013 – 18/11/2023	23,400	-	-	-	(13,700)	9,700
Employees & consultants	24/3/2011	1.450	24/3/2011 – 23/3/2021	400	-	-	-	(400)	-
	19/11/2013	1.594	19/11/2013 – 18/11/2023	13,700	-	-	-	(6,850)	6,850
	29/1/2014	1.16	29/7/2014 – 28/2/2024	-	9,700	-	-	-	9,700
				37,500	9,700	-	-	(20,950)	26,250

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

As at 30th June 2014, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which would have to be notified to the Company and the Stock Exchange or to entered in the register referred to in the SFO) are as follows:–

Name of directors	Capacity	No. of Shares	Underlying Shares	Long/Short Position	Approximate percentage of the Company's issued share capital (Note 1)
Liu Zhong Ping	Beneficial owner	–	4,850,000	Long Position	0.82%
Xu Xuefeng	Beneficial owner	–	4,850,000	Long Position	0.82%
Wong Kin Hong	Beneficial owner	17,000,000	–	Long Position	2.87%

Note 1: The percentage represents the number of Shares interested divided by the number of the Company's issued Shares as at 30th June 2014.

As at 30th June 2014, save as disclosed above and 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 would have: (a) to be 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 were taken or deemed to have under such provisions of the SFO) or (b) as recorded in the register required to be kept pursuant to Section 352 of the SFO or (c) to be notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

## DIRECTORS' RIGHT TO ACQUIRE SHARES

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

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30th June 2014, so far as the Directors are aware, the persons who have an interest or short position in the Shares 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:

<b>Name of shareholders</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Underlying Shares</b>	<b>Long/Short Position</b>	<b>Approximate percentage of the Company issued share capital</b> <i>(Note 1)</i>
Fang Rongzi	Beneficial owner	36,080,000	–	Long Position	6.09%

Note 1. The percentage represents the number of shares interested divided by the number of the Company's issued shares as at 30th June 2014.

So far as is known to any Director or supervisor, there was no person other than a Director or supervisor or chief executive who, as at 30th June 2014, 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 was 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

The Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchased or sell any of such Shares during the six months ended 30th June 2014.

## 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. Following a specific enquiry made by the Company, all Directors confirmed they had complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the period ended 30th June 2014.



## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

For the six months ended 30th June 2014, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules.

## **COMPETING INTERESTS**

During the six months ended 30 June 2014, 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 principal duties of the audit committee of the Board (the "Audit Committee") 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 four independent non-executive Directors, namely Mr. Yan Guoniu (Chairman of the Audit Committee), Mr. Thomas Ng Cheng Kiong, Mr. Tang Rong Gang and Mr. Ou Wei An.

The Company's unaudited consolidated financial statements for the six months ended 30th June 2014 and the interim report 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.

## **CHANGE OF DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION**

Mr. Fok Ching Fung was removed as the Chief Executive Officer of the Company the ("CEO") with effect from 7th April, 2014. He also resigned as an executive director of the Company (the "Executive Director") with effect from 28 May 2014.

Code provision A.2.1 of the Corporate Governance Code requires that a listed issuer should separate the role of the Chairman of the Board and the CEO. Since the removal of the former CEO of the Company on 7th April 2014, the Company has not yet appointed any CEO since then. The Company is actively seeking appropriate person for the CEO role and in the transitional period, the balance of power and authority is ensured by regular discussion and meetings within the Board and active participation of independent non-executive directors.

Mr. Ho Chun Kit Gregory resigned as an Executive Director with effect from 30th April 2014.

Ms. Lee Po Chu Feona retired as an Executive Director with effect from the conclusion of the annual general meeting of the Company held on 28th May 2014 (the "2014 AGM").

Ms. Chan Wing Sze retired as an independent non-executive Director of the Company (the “INED”) and ceased to be a member of each of the Audit Committee, remuneration committee of the Board (the “Remuneration Committee”) and the nomination committee of the Board (the Nomination Committee) with effect from the conclusion of the 2014 AGM.

Mr. Tse Wa Ngok retired as an INED and ceased to be a member of each of the Audit Committee, Remuneration Committee and the Nomination Committee with effect from the conclusion of the 2014 AGM.

Mr. Jal Nadirshaw Karbhari retired as an INED and ceased to be chairman of each of the Audit Committee, Remuneration Committee and the Nomination Committee with effect from the conclusion of the 2014 AGM.

Mr. Leung Wah retired as an Executive Director with effect from the conclusion of the 2014 AGM.

Mr. Leung Hoi was appointed as an INED and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee on 3rd June 2014. He was re-designated as an Executive Director and ceased to be a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee on 13th June 2014.

Mr. Wong Kin Hong was appointed as an Executive Director with effect from 25th June 2014. He was appointed as the Chairman of the Company with effect from 28th June 2014.

Mr. Zhang Yanyue was appointed as an Executive Director with effect from 25th June 2014. He resigned as an Executive Director on 28th June 2014.

Mr. Huang Yonghua was appointed as an Executive Director with effect from 25th June 2014.

Mr. Wong Tat Wa was appointed as an Executive Director with effect from 25th June 2014.

Ms. Leung Po Yee was appointed as an Executive Director with effect from 25th June 2014.

Mr. Yan Guoniu was appointed as an INED and a member of each of the Audit Committee, Nomination Committee and Remuneration Committee with effect from 25th June 2014.

Mr. Thomas Ng Cheng Kiong was appointed as an INED and a member of each of the Audit Committee, Nomination Committee and Remuneration Committee with effect from 25th June 2014.

Mr. Tang Rong Gang was appointed as an INED and a member of each of the Audit Committee, Nomination Committee and Remuneration Committee with effect from 25th June 2014.

Mr. Li Jian Chao resigned as an Executive Director and ceased to be the Chairman of the Company with effect from 28th June 2014.

Mr. Zou Weijun resigned as an INED and ceased to be a member of each of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 28th June 2014.

Mr. Koo Kim Shing resigned as an INED and ceased to be a member of each of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 28th June 2014.

Mr. Ou Wei An was appointed as an INED and a member of each of the Audit Committee, Nomination Committee and Remuneration Committee with effect from 11th July 2014.

By Order of the Board  
**Seamless Green China (Holdings) Limited**  
**Wong Kin Hong**  
*Executive Director and Chairman*

Hong Kong, 13th August 2014

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

Executive Directors

- (1) Mr. Wong Kin Hong (Chairman);
- (2) Mr. Huang Yonghua;
- (3) Mr. Wong Tat Wa;
- (4) Ms. Leung Po Yee;
- (5) Mr. Leung Hoi;
- (6) Mr. Xu Xuefeng; and
- (7) Mr. Liu Zhong Ping;

Independent Non-executive Directors

- (1) Mr. Yan Guoniu;
- (2) Mr. Thomas Ng Cheng Kiong;
- (3) Mr. Tang Rong Gang; and
- (4) Mr. Ou Wei An.