



**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  
**2015**

## **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\$5,209,000 for the six months ended 30 June 2015.
2. The Group has recorded a net loss attributable to owners of the Company for the six months ended 30 June 2015 of approximately HK\$5,015,000, representing a basic loss per share of HK cent 0.66.
3. The Board does not declare the payment of a dividend for the six months ended 30 June 2015.

## FINANCIAL RESULTS (UNAUDITED)

The board of Directors (the “Board”) 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 30 June 2015 together with the relevant comparative unaudited figures as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Turnover	2	<b>2,197</b>	5,558	<b>5,209</b>	16,772
Cost of sales		<b>(2,109)</b>	(4,035)	<b>(5,183)</b>	(13,580)
Gross profit		<b>88</b>	1,523	<b>26</b>	3,192
Other income and gains	2	<b>514</b>	6	<b>4,431</b>	14
Gain on disposal of subsidiaries		–	–	–	94
Impairment loss on interest in an associate		–	(3,020)	–	(3,020)
Operating expenses:					
Selling and distribution costs		<b>(9)</b>	(443)	<b>(29)</b>	(872)
Administrative and other operating expenses		<b>(3,014)</b>	(15,472)	<b>(6,031)</b>	(28,700)
Loss from operations	3	<b>(2,421)</b>	(17,406)	<b>(1,603)</b>	(29,292)
Share of profit in associates		–	388	–	1,031
Finance costs	4	<b>(1,117)</b>	(1,384)	<b>(3,412)</b>	(2,748)
Loss before taxation		<b>(3,538)</b>	(18,402)	<b>(5,015)</b>	(31,009)
Income tax expense	5	–	–	–	–
Loss for the period		<b>(3,538)</b>	(18,402)	<b>(5,015)</b>	(31,009)
Other comprehensive income after tax Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the consolidated financial statements of foreign subsidiaries		<b>(402)</b>	–	<b>(42)</b>	(142)
Change in fair value of available-for- sale financial assets		<b>108</b>	–	<b>(429)</b>	–
Other comprehensive income for the period, net of tax		<b>(294)</b>	–	<b>(471)</b>	(142)
Total comprehensive income for the period		<b>(3,832)</b>	(18,402)	<b>(5,486)</b>	(31,151)
Loss attributable to owners of the Company		<b>(3,538)</b>	(18,402)	<b>(5,015)</b>	(31,009)
Total comprehensive income attributable to owners of the Company		<b>(3,832)</b>	(18,402)	<b>(5,486)</b>	(31,151)
Loss per share attributable to the owners of the Company					
Basic	7	<b>(0.44) cent</b>	(3.20) cents	<b>(0.66) cent</b>	(5.83) 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 As at 30 June 2015 HK\$'000</b>	Audited As at 31 December 2014 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>13,068</b>	13,951
Investment property		<b>17,010</b>	17,010
Interests in associates		<b>4,639</b>	4,639
Available-for-sale financial assets		<b>1,920</b>	2,349
		<b>36,637</b>	37,949
<b>Current assets</b>			
Inventories		<b>6,290</b>	2,379
Trade receivables	9	<b>5,278</b>	4,569
Prepayments, deposits and other receivables		<b>10,338</b>	10,749
Cash and cash equivalents		<b>68,899</b>	73,389
		<b>90,805</b>	91,086
<b>Current liabilities</b>			
Trade payables	10	<b>1,882</b>	706
Other payables and accruals		<b>8,662</b>	17,337
Income tax payable		<b>95</b>	4
Promissory notes		<b>65,036</b>	124,336
		<b>75,675</b>	142,383
<b>Net current assets/(liabilities)</b>		<b>15,130</b>	(51,297)
<b>Total assets less current liabilities</b>		<b>51,767</b>	(13,348)
<b>Non-current liability</b>			
Deferred tax liabilities		<b>1,459</b>	1,459
<b>NET ASSETS/(LIABILITIES)</b>		<b>50,308</b>	(14,807)
<b>CAPITAL AND RESERVES</b>			
Share capital	11	<b>53,075</b>	35,384
Reserves		<b>(1,289)</b>	(48,713)
Equity attributable to the owners of the Company		<b>51,786</b>	(13,329)
Non-controlling interests		<b>(1,478)</b>	(1,478)
<b>TOTAL EQUITY/(CAPITAL DEFICIENCIES)</b>		<b>50,308</b>	(14,807)

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2015

	Six months ended	
	30 June	
	2015	2014
	HK\$'000	HK\$'000
Net cash outflow from operating activities	<b>(12,675)</b>	(24,586)
Net cash inflow/(outflow) from investing activities	<b>337</b>	(91,676)
Net cash inflow from financing activities	<b>7,890</b>	116,901
Net (decrease)/increase in cash and cash equivalents	<b>(4,448)</b>	639
Cash and cash equivalents at 1 January	<b>73,389</b>	782
Effect of foreign exchanges, net	<b>(42)</b>	(142)
Cash and cash equivalents at 30 June	<b>68,899</b>	1,279
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<b>68,899</b>	1,279

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

For the six months ended 30 June 2015

	Attributable to owners of the Company										
	Share capital	Share premium	Property revaluation reserve	Investment revaluation reserve	Warrant reserve	Exchange reserve	Share based payment reserve	Accumulated losses	Total	Non-controlling interests	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015	35,384	393,519	-	-	130	164	22,299	(464,825)	(13,329)	(1,478)	(14,807)
Total comprehensive expenses for the period	-	-	-	(429)	-	(42)	-	(5,015)	(5,486)	-	(5,486)
Issues of shares											
- shares	17,691	52,910	-	-	-	-	-	-	70,601	-	70,601
At 30 June 2015	53,075	446,429	-	(429)	130	122	22,299	(469,840)	51,786	(1,478)	50,308
At 1 January 2014	24,256	248,705	535	-	240	4,319	34,532	(284,137)	28,450	(1,478)	26,972
Total comprehensive expenses for the period	-	-	-	-	-	(142)	-	(31,009)	(31,151)	-	(31,151)
Recognition of equity settled share based payments	-	-	-	-	-	-	7,031	-	7,031	-	7,031
Issues of shares											
- warrants exercised	550	5,390	-	-	(110)	-	-	-	5,830	-	5,830
- shares	4,828	106,127	-	-	-	-	-	-	110,955	-	110,955
At 30 June 2014	29,634	360,222	535	-	130	4,177	41,563	(315,146)	121,115	(1,478)	119,637

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in compliance 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 31 December 2014. 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 2015. 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.

The unaudited interim financial statements should be read in conjunction with the annual report for the year ended 31 December 2014.

### 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 (2014: 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 30 June 2015 (unaudited)**

	Synthetic sapphire watch crystals HK\$'000	Optoelectronic products HK\$'000	Liquor HK\$'000	LED lighting products HK\$'000	Consolidated HK\$'000
Segment revenue	-	2,447	-	2,762	5,209
Segment results	(15)	(216)	(30)	13	(248)
Reconciliation:					
Total loss for reportable segments					(248)
Unallocated corporate income					4,086
Interest income					1
Unallocated corporate expenses					(5,442)
Finance costs					(3,412)
Consolidated loss before taxation					(5,015)

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

	Synthetic sapphire watch crystals HK\$'000	Optoelectronic products HK\$'000	Liquor HK\$'000	LED lighting products 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)
Consolidated loss before taxation					(31,009)

	<b>Synthetic sapphire watch crystals</b> HK\$'000	<b>Optoelectronic products</b> HK\$'000	<b>Liquor</b> HK\$'000	<b>LED lighting products</b> HK\$'000	<b>Total for reportable segments</b> HK\$'000
<b>As at 30 June 2015 (unaudited)</b>					
Segment assets	3,244	3,228	3,273	59,521	69,266
Unallocated assets					58,176
Consolidated assets					127,442
<b>As at 31 December 2014 (audited)</b>					
Segment assets	2,895	2,184	3,295	62,825	71,199
Unallocated assets					57,836
Consolidated assets					129,035

### 3. LOSS FROM OPERATIONS

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

	<b>Unaudited For the six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Depreciation of property, plant and equipment	889	658
Employee benefit expense (including directors' emoluments)	876	19,963
Share based payments	-	7,031

#### 4. FINANCE COSTS

	Unaudited For the six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Interest on bank borrowings	-	94
Interest on promissory notes	3,412	2,654
	<b>3,412</b>	<b>2,748</b>

#### 5. INCOME TAX EXPENSE

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 30 June 2015 (2014: Nil).

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 30 June 2015 (2014: Nil).

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

#### 6. INTERIM DIVIDEND

The Board does not declare the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

#### 7. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30 June 2015 is based on the Group's loss attributable to owners of the Company for the period of approximately HK\$5,015,000 (2014: HK\$31,009,000) and on the weighted average number of 758,497,873 (2014: 532,294,025) shares.

Diluted loss per share for the six months ended 30 June 2015 and 30 June 2014 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 31 December 2014 (audited)

Opening net book amount 1 January 2014	32,635
Additions	85
Disposal of subsidiaries	(8,353)
Depreciation charged	(1,292)
Impairment loss	(9,000)
Written off	(50)
Exchange realignment	(74)
Closing net book amount as at 31 December 2014	13,951

As at 30 June 2015 (unaudited)

Opening net book amount 1 January 2015	13,951
Additions	6
Depreciation charged	(889)
Closing net book amount as at 30 June 2015	13,068

## 9. TRADE RECEIVABLES

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

	<b>Unaudited 30 June 2015 HK\$'000</b>	Audited 31 December 2014 HK\$'000
Current	<b>2,293</b>	3,584
31-60 days	<b>1,020</b>	311
61-90 days	<b>1,682</b>	564
Over 90 days	<b>283</b>	110
	<b>5,278</b>	4,569

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 30 June 2015 HK\$'000</b>	Audited 31 December 2014 HK\$'000
Current	<b>1,881</b>	705
31-60 days	–	–
61-90 days	–	–
Over 90 days	<b>1</b>	1
	<b>1,882</b>	706

## 11. SHARE CAPITAL

	<b>Unaudited 30 June 2015</b>		Audited 31 December 2014	
	<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>Unaudited Number of shares (thousands)</b>	<b>Share capital HK\$'000</b>
Opening balance 1 January 2015	<b>707,671</b>	<b>35,384</b>
Proceeds from shares issued:		
– open offer	<b>353,835</b>	<b>17,691</b>
At 30 June 2015	<b>1,061,506</b>	<b>53,075</b>
Opening balance 1 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 30 June 2014	<b>592,670</b>	<b>29,634</b>

## 12. COMMITMENTS

### Commitments under operating leases

At 30 June 2015, 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>30 June</b>	31 December
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>209</b>	435
In the second to fifth year inclusive	<b>22</b>	68
	<b>231</b>	503

## 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 six months ended 30 June 2015 (2014: Nil).

## 14. CONTINGENT LIABILITIES

At 30 June 2015, the Group had no material contingent liabilities (at 31 December 2014: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

Total turnover of the Group for the six months ended 30 June 2015 (the “Period”) amounted to approximately HK\$5,209,000, representing a 69% decrease from that of approximately HK\$16,772,000 generated in the corresponding period in 2014. Loss attributable to owners of the Company for the Period was approximately HK\$5,015,000 while that of the corresponding period in 2014 was approximately HK\$31,009,000.

During the Period, the Company was an investment holding company. The Group’s principal activities were manufacture and sale of synthetic sapphire watch crystals and optoelectronic products, trading of liquor, property investment, and trading of LED lighting products.

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

No turnover was recorded for the sapphire watch crystals for the Period (2014: approximately HK\$14,900,000).

#### **Optoelectronics products division**

The Group recorded a turnover of approximately HK\$2,447,000 for the Period (2014: approximately HK\$1,872,000) representing an increase of approximately HK\$575,000.

#### **LED lighting products division**

The Group recorded a turnover at approximately HK\$2,762,000 for the Period (2014: Nil).

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

The Group did not generate any revenue during the Period (2014: Nil).

### **CAPITAL STRUCTURE**

During the Period, the Company adopted an open offer exercise on the basis of one (1) offer share for every two (2) existing shares held on the record date of 28 April 2015, with a subscription price of HK\$0.203 per offer share. The open offer was completed in June 2015 and 353,835,348 offer shares were issued accordingly and net proceeds of approximately HK\$70.6 million will be used to strengthen the Group’s financial position and to increase the capital base of the Company for future investment purposes.

## LITIGATION

- i) On 6 March 2012, a writ of summons was issued by JMM Business Network Investments (China) Limited (“JMM”) against (a) Mr. Chan Ka Ming, Mr. Nee, Henry Pei Ching, Mr. Ho Chun Kit Gregory, Mr. Tam Chak Chi, Mr. Ng Kai Shing, Mr. Jal Nadirshaw Karbhari and Ms. Chan Sze Man, all former Directors of the Company; and (b) the Company. In this action, JMM sought to challenge the validity of a notice of special general meeting of the Company dated 9 February 2012, but did not specify any monetary claim against the Company. The Directors are not aware of any material progress of this action since as early as the third quarter of 2012. As such, the Directors are of the view that the action is unlikely to result in any significant financial impact on the Company.
- ii) On 14 March 2012, a writ of summons was issued by Good Capital Resources Limited (“Good Capital”) against (a) Mr. Chan Ka Ming, Mr. Nee, Henry Pei Ching, Mr. Ho Chun Kit Gregory, Mr. Tam Chak Chi, Mr. Ng Kai Shing, Mr. Jal Nadirshaw Karbhari and Ms. Chan Sze Man, all former Directors of the Company; and (b) the Company. In this action, Good Capital sought to challenge the validity of the issuance of certain warrants and the grant of certain share options of the Company in March 2012, but did not specify any monetary claim against the Company. The Directors are not aware of any material progress of this action since as early as the third quarter of 2012. As such, the Directors are of the view that the action is unlikely any financial impact on the financial statements of the Company.
- 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 (collectively the “Defendants”), respectively, in a writ of summons dated 28 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 a sale and purchase agreement dated 3 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 a consideration of HK\$13,800,000, for which the Plaintiff paid HK\$7,900,000 as deposit to the Defendants. The Plaintiff claimed for the return of the said deposit. On 6 March 2015, the Plaintiff and the Defendants executed a deed of settlement (the “Deed”) for a full and final settlement of all claims arising out of or in connection with the sale and purchase agreement and the proceedings. Pursuant to the Deed, the Defendants have returned the initial deposits in the sum of HK\$7,900,000 to the Plaintiff and the Plaintiff has returned certain legal documents to the Company. The Company’s legal representatives arranged the signing of a consent summons by the Plaintiff to dismiss the claim and the High Court of Hong Kong granted the order for dismissed on 9 April 2015.



- iv) On 27 March 2014, Good Return (BVI) Limited (“Good Return”), a wholly-owned subsidiary of the Company, issued writs of summons against Wickham Ventures Limited (“Wickham”) and Ms. Lee Hei Wun (“Ms. Lee”) for claiming, inter alia, the shortfall of a profit guarantee in a 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 31 December 2012. Reference is made to the Company’s announcements dated 6 April 2011, 19 March 2012 and 24 March 2014. Pursuant to the sale and purchase agreement under which Good Return acquired Arnda from Wickham in 2011, Wickham and Ms. Lee guaranteed to pay Good Return the difference between the actual amount of net profit after tax of Arnda and the guaranteed profit in a sum of HK\$3,000,000 for the year ended 31 December 2012. According to the audited accounts of Arnda for the year ended 31 December 2012, Arnda made a loss of HK\$1,252,101 and thus the shortfall of the profit guarantee is HK\$3,000,000, which Wickham and Ms. Lee have failed to pay to Good Return despite the demand of Good Return. On 25 June 2014, the High Court of the Hong Kong Special Administrative Region, Court of First Instance issued a final judgement against Ms. Lee for the payment to Good Return the sum of HK\$3,000,000 together with interests, and a fixed cost of HK\$10,500. The Company has instructed its legal advisers to take legal action against Ms. Lee for the payment of the above sum of HK\$3,010,500 and the relevant interest of HK\$71,014 but no payment was received. Accordingly, the Group has filed an application of a bankruptcy petition against Ms. Lee.
- v) On 11 February 2015, the Company and Silver Bonus Limited, a wholly-owned subsidiary of the Company and the purchaser to the acquisition of equity interests in Neo Partner Investment Ltd. (the “Target Company”), issued a writ of summons in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region against (i) Shinning Team Investment Limited (the second vendor) as the 1st defendant; (ii) Mr. Lau Hin Chung (the first vendor) as the 2nd defendant; (iii) the Target Company as the 3rd defendant; (iv) Harvest View (China) Limited as the 4th defendant; (v) Mr. Chen Zai as the 5th defendant; (vi) two former executive Directors of the Company, namely Mr. Ho Chun Kit, Gregory and Mr. Lee Tat Wing as the 6th and 7th defendants, claiming for, among other things, the following relief:
- (1) damages for breach of the sale and purchase agreement and its supplemental agreement (collectively, the “Agreements”) against the 1st and 2nd defendants;
  - (2) damages and/or rescission of the Agreements for misrepresentation against the 1st to 5th defendants;
  - (3) damages for negligence and breach of fiduciary duties as Directors against the 6th and 7th defendants;
  - (4) a declaration that the promissory notes issued under the Agreements are null and void and unenforceable;
  - (5) costs; and
  - (6) further and/or other relief.

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 Period amounted to approximately HK\$5,209,000, representing a 69% decrease from that of approximately HK\$16,772,000 generated in the corresponding period in 2014. Decrease in turnover was mainly due to the decrease in market demand of the Group's sapphire watch crystal products. Loss attributable to owners of the Company for the Period was approximately HK\$5,015,000 while that of the corresponding period in 2014 was approximately HK\$31,009,000.

Selling and distribution costs, administrative and other operating expenses (collectively "Operating expenses") for the Period were approximately HK\$6,060,000, representing an decrease of approximately HK\$23,512,000 or 79% from the corresponding period in 2014. Decrease in Operating expenses was mainly due to the significant decrease in the staff costs during the Period.

### Liquidity and Financial Resources

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the directors of the Company may adjust the dividend payment to shareholders, return capital to shareholders and issue of new shares.

In managing the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on funds generated from operations and fund raising activities.

The Group's shareholders funds were increased to approximately HK\$50,308,000 as at 30 June 2015 (at 31 December 2014: capital deficiencies of approximately HK\$14,807,000) and the improvement in shareholders funds was resulted from the open offer completed during the Period. The Group's current assets amounted to approximately HK\$90,805,000 as at 30 June 2015 (at 31 December 2014: approximately HK\$91,086,000), of which approximately HK\$68,899,000 (at 31 December 2014: approximately HK\$73,389,000) was cash and bank balances.

As at 30 June 2015, the Group had cash and bank balances of approximately HK\$68,899,000 (31 December 2014: approximately HK\$73,389,000), of which approximately 37% and 63% were denominated in Hong Kong dollars and Renminbi respectively. The Group's net cash outflow for the Period was mainly resulted from the operating cash outflow and the repayment of matured promissory notes, offset by the net cash proceeds from the open offer during the Period.

As at 30 June 2015, the Group had interest bearing borrowings, which comprised by the promissory notes, amounting to approximately HK\$65,036,000 (31 December 2014: approximately HK\$124,336,000). The promissory notes carried effective interest ranged from 8.366% per annum to 10.954% per annum were repayable within one year and are denominated in Hong Kong dollars.

The Group's gearing ratios as at 30 June 2015 was 11.4% (31 December 2014: 123.9%). 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 and promissory notes less cash and cash equivalents. Total capital represents equity attributable to equity holders of the Company. The significant decrease in the Group's gearing ratio was mainly resulted from the open offer during the Period and repayment of matured promissory notes during the Period.

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 30 June 2015, the Group had 46 employees (31 December 2014: 46). 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\$876,000 (2014: approximately HK\$19,963,000).

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

The Group had no significant investments, material acquisitions and disposal of subsidiaries and affiliated companies during the Period.

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

During the Period, the Group had no significant exposure to fluctuations in foreign exchange rates or any related hedges.

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

As at 30 June 2015, 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 allocating the resources of the Company to and concentrating on 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 business opportunities in other sectors to diversify risks and broaden the sources of income of the Company. The Company has adequate resources to continue with its business operations, and will continue to focus on its corporate objective to develop current businesses in order to strengthen its competitiveness, integrate its capital resources and contribute a maximum wealth to our equity holders.

The Company is also actively exploring for investment opportunities through potential acquisitions and joint ventures. The Group will take possible opportunities in the financial markets to raise funds to facilitate future merger and acquisition activities and/or increase the working capital of the Group. The Company will pursue selective and prudential acquisitions to complement the core business so as to strengthen adopted business performance and enhance financial liquidity.

The China's 12 Five Plan for National Economic and Social Development of the People's Republic of China (the "PRC") listed out the future development initiative in which energy saving and environmental protection had been stated as one of the key objective for sustainable growth. At the same time, General Office of the State Council of China published the Energy Development Strategies and Action Plan 2014-2020 in November 2014, confirming the strategic duties of fine-tuning energy structure, pushing for innovative energy technologies as well as promoting energy saving electricity appliance and green lighting. Following this China's favour policy, LED commercial products will be widely adopted in government projects and it will be a great business opportunity for the Group. To cope with such opportunity, the Group plans to increase production capacity in an existing facility at Guangzhou by means of investments in advanced manufacturing technologies, upgrading existing production equipment, installing additional production lines, recruiting more technicians and establishing an in-house research and development team in order to offer a wider range of products developed based on market demand.

In 2015, the Group will focus on the business of LED lighting products as an initiative to improve the Company's financial performance and liquidity. The Company will continue to provide a comprehensive range of quality products to and strengthen the relationship with the existing customers. Through recent marketing team efforts and leveraging certain advanced manufacturing technologies, the Group has established its customer base in Europe and will allocate further resources to expand the market in the PRC in order to take advantage of the expected market growth.

## **SHARE OPTION SCHEME**

Under the share option scheme adopted by the Company on 8 March 2011 (the "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.

Details of the share options granted are as follows:

Date of grant	Exercisable period	Exercise price per share HK\$	(Note)	Fair value at grant date per share HK\$	Remaining contractual life of options
			Adjusted exercise price per share HK\$		
19/11/13	19/11/2013 – 18/11/2023	1.594	1.503	0.9225	8 years
29/1/14	29/1/2014 – 28/1/2024	1.16	1.094	0.7248	8 years

The following table discloses movements of the Company's share options held by employees and directors during the Period:

Participant	Date of grant	Exercise price per share HK\$	(Note)	Exercise period	At 1/1/2015	Number of options				At 30/6/2015	
			Adjusted exercise price per share HK\$			Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period		Adjusted during the period
Former Directors	19/11/13	1.594	1.503	19/11/2013 – 18/11/2023	9,700,000	-	-	-	-	587,879	10,287,879
Employees & others	19/11/13	1.594	1.503	19/11/2013 – 18/11/2023	6,850,000	-	-	-	-	415,152	7,265,152
	29/1/14	1.16	1.094	29/1/2014 – 28/1/2024	9,700,000	-	-	-	-	587,879	10,287,879
					26,250,000	-	-	-	-	1,590,910	27,840,910

Note: During the Period, the Company made an open offer and accordingly, the exercise price and the number of shares to be allotted and issued upon full exercise of the subscription rights under the share options granted prior to the open offer, were adjusted pursuant to the terms of the Scheme.

On 13 July 2015, the Board granted an aggregate of 106,150,000 share options, to the eligible participants to subscribe for 106,150,000 new ordinary shares of HK\$0.05 each in the capital of the Company at a price of HK\$0.220 per share, under the Scheme (the 10% mandate limit under the Scheme was refreshed pursuant to a resolution passed at the annual general meeting of the Company held on 26 June 2015).

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its 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:–

Ordinary shares of the Company (the "Shares")

Name of Director/ chief executive	Capacity/ Nature of interests	No. of Shares	Underlying Shares	Long/Short position	Approximate percentage of the Company's issued Shares
					(Note)
Wong Kin Hong	Beneficial owner	25,500,000	–	Long position	2.40%

Note: The percentage represents the number of Shares interested divided by the number of the Company's issued Shares as at 30 June 2015.

As at 30 June 2015, save as disclosed above, none of the Directors and the chief executive of the Company had 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

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 Directors who held such office during the Period or their respective spouses 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' AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 30 June 2015, so far as the Directors are aware, the person (other than a Director or the chief executive of the Company) who had 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 were 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, is as follows:

Name of shareholder	Capacity/ Nature of interests	Number of Shares	Underlying Shares	Long/Short position	Approximate percentage of the Company issued Shares (Note)
Elisabeta Ling	Beneficial owner	118,500,000		– Long position	11.16%
Sou Fei Pang	Beneficial owner	100,000,000		– Long position	9.42%
Zhang Yong	Beneficial owner	68,460,348		– Long position	6.45%
Zhang ZiZhong	Beneficial owner	105,000,000		– Long position	9.89%

Note: The percentage represents the number of Shares interested divided by the number of the Company's issued Shares as at 30 June 2015.

So far as is known by or otherwise notified to any Director, there was no person (other than a Director or the chief executive of the Company) who, as at 30 June 2015, had an interest or short position in the Shares or underlying 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 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 OR REDEMPTION OF LISTED SECURITIES

On 5 June 2015, 353,835,348 offer shares were allotted and issued by the Company pursuant to the open offer at the subscription price of HK\$0.203 per offer share on the basis of one (1) offer share for every two (2) existing shares held on 28 April 2015 (the "Open Offer").

The net proceeds from the Open Offer (after deducting the costs and expenses in relation to the Open Offer and the underwriting commission fees) were approximately HK\$70.6 million, which will be used to strengthen the Group's financial position and to increase the capital base of the Company for future investment purposes.

Save as aforesaid, the Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the Period.

## **DIRECTORS' SECURITIES TRANSACTION**

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "Securities Code") 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 with the Directors, all of them have confirmed that they had complied with the required standard of dealings and the Securities Code throughout the Period.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company had complied with all the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules throughout the Period, except for code provision A.2.1 of the CG Code, which stipulates that the role of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. Wong Kin Hong has held both positions since his appointment as chairman of the Board in 2014. The Board believes that vesting the roles of both chairman and chief executive officer in the same person would allow the Company to be more effective and efficient in developing long term business strategies and the execution of business plans.

## **COMPETING INTERESTS**

During the Period, none of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) had an interest in a business that competed or might compete with the business of the Group.

## **INTEREST OF COMPLIANCE ADVISER**

As notified by the Company's compliance adviser, Messis Capital Limited (the "Compliance Adviser"), as at 30 June 2015, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 29 July 2014, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company as at 30 June 2015, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.



## REVIEW BY AUDIT COMMITTEE

As required by Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee of the Board (the “Audit Committee”) with written terms of reference which deal clearly with its authority and duties. The principal duties of 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 (the “INEDs”), namely Mr. Yan Guoniu (chairman of the Audit Committee), Mr. Tang Rong Gang, Mr. Ou Wei An and Mr. Ng Yu Ho, Steve.

The Company’s unaudited consolidated financial statements for the Period and 2015 interim report have been reviewed by the Audit Committee. The Audit Committee considered that the relevant financial statements had been prepared in compliance with the applicable accounting principles and requirements of the GEM Listing Rules.

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

Hong Kong, 14 August 2015

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; and
- (5) Mr. Thomas Ng Cheng Kiong;

### *INEDs*

- (6) Mr. Yan Guoniu;
- (7) Mr. Tang Rong Gang;
- (8) Mr. Ou Wei An; and
- (9) Mr. Ng Yu Ho, Steve.