



**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  
**2016**

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE “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 the GEM, there is a risk that securities traded on the 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 the GEM.**

*The Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this interim report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this interim report.*

*This interim 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 interim 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 interim report misleading.*

## HIGHLIGHTS

1. The Group has recorded a total turnover of approximately HK\$10,166,000 for the six months ended 30 June 2016.
2. The Group has recorded a net loss attributable to owners of the Company for the six months ended 30 June 2016 of approximately HK\$3,358,000, representing a basic loss per share of HK cent 0.26.
3. The Board does not declare the payment of any dividend for the six months ended 30 June 2016.

## FINANCIAL RESULTS (UNAUDITED)

The board of Directors (the “**Board**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the three months and six months ended 30 June 2016 together with the relevant comparative figures as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 30 June		Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Turnover	2	7,979	2,197	10,166	5,209
Cost of sales		(6,577)	(2,109)	(8,522)	(5,183)
Gross profit		1,402	88	1,644	26
Other income and gains	2	457	514	1,163	4,431
Operating expenses:					
Selling and distribution costs		–	(9)	(73)	(29)
Administrative and other operating expenses		(2,728)	(3,014)	(6,188)	(6,031)
Loss from operations	3	(869)	(2,421)	(3,454)	(1,603)
Share of profit in associates		46	–	96	–
Finance costs	4	–	(1,117)	–	(3,412)
Loss before taxation		(823)	(3,538)	(3,358)	(5,015)
Income tax expense	5	–	–	–	–
Loss for the period		(823)	(3,538)	(3,358)	(5,015)
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		(401)	(402)	6	(42)
Change in fair value of available-for-sale financial assets		(120)	108	(171)	(429)
Other comprehensive income for the period, net of tax		(521)	(294)	(165)	(471)
Total comprehensive income for the period		(1,344)	(3,832)	(3,523)	(5,486)
Loss attributable to owners of the Company		(823)	(3,538)	(3,358)	(5,015)
Total comprehensive income attributable to owners of the Company		(1,344)	(3,832)	(3,523)	(5,486)
Loss per share attributable to owners of the Company					
Basic	7	(0.06) cent	(0.44) cent	(0.26) cent	(0.66) cent
Diluted	7	N/A	N/A	N/A	N/A

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	2,075	2,363
Investment property		14,756	14,756
Interests in associates		4,826	4,730
Available-for-sale financial assets		1,638	1,809
		<b>23,295</b>	23,658
<b>Current assets</b>			
Inventories		690	3,936
Trade receivables	9	5,406	9,373
Prepayments, deposits and other receivables		9,551	8,473
Cash and cash equivalents		39,361	39,316
		<b>55,008</b>	61,098
<b>Current liabilities</b>			
Trade payables	10	1,414	4,263
Other payables and accruals		7,846	7,927
Income tax payable		4	4
Promissory notes		15,000	15,000
		<b>24,264</b>	27,194
<b>Net current assets</b>		<b>30,744</b>	33,904
<b>Total assets less current liabilities</b>		<b>54,039</b>	57,562
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,005	1,005
<b>NET ASSETS</b>		<b>53,034</b>	56,557
<b>CAPITAL AND RESERVES</b>			
Share capital	11	63,690	63,690
Reserves		(9,178)	(5,655)
Equity attributable to owners of the Company		54,512	58,035
Non-controlling interests		(1,478)	(1,478)
<b>TOTAL EQUITY</b>		<b>53,034</b>	56,557

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash outflow from operating activities	<b>(758)</b>	(12,675)
Net cash inflow from investing activities	<b>797</b>	337
Net cash inflow from financing activities	<b>-</b>	7,890
Net increase/(decrease) in cash and cash equivalents	<b>39</b>	(4,448)
Cash and cash equivalents at 1 January	<b>39,316</b>	73,389
Effect of foreign exchanges, net	<b>6</b>	(42)
Cash and cash equivalents at 30 June	<b>39,361</b>	68,899
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<b>39,361</b>	68,899

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

For the six months ended 30 June 2016

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Warrant reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Share-based payment reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2015	35,384	393,519	-	130	164	22,299	(464,825)	(1,478)	(14,807)
Loss for the period	-	-	-	-	-	-	(5,015)	-	(5,015)
Exchange difference on translating foreign subsidiaries	-	-	-	-	(42)	-	-	-	(42)
Change in fair value of available-for- sale financial assets	-	-	(429)	-	-	-	-	-	(429)
Total comprehensive income for the period	-	-	(429)	-	(42)	-	(5,015)	-	(5,486)
Issues of shares - shares	17,691	52,910	-	-	-	-	-	-	70,601
<b>As at 30 June 2015</b>	<b>53,075</b>	<b>446,429</b>	<b>(429)</b>	<b>130</b>	<b>122</b>	<b>22,299</b>	<b>(469,840)</b>	<b>(1,478)</b>	<b>50,308</b>
As at 1 January 2016	63,690	462,713	(540)	130	(3,629)	14,234	(478,563)	(1,478)	56,557
Loss for the period	-	-	-	-	-	-	(3,358)	-	(3,358)
Exchange difference on translating foreign subsidiaries	-	-	-	-	6	-	-	-	6
Change in fair value of available-for- sale financial assets	-	-	(171)	-	-	-	-	-	(171)
Total comprehensive income for the period	-	-	(171)	-	6	-	(3,358)	-	(3,523)
<b>As at 30 June 2016</b>	<b>63,690</b>	<b>462,713</b>	<b>(711)</b>	<b>130</b>	<b>(3,623)</b>	<b>14,234</b>	<b>(481,921)</b>	<b>(1,478)</b>	<b>53,034</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

Seamless Green China (Holdings) Limited (the “**Company**”) was a limited liability company incorporated in the Cayman Islands on 18 January 2001 as an exempted company. The issued shares of the Company have been listed on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited (the “**GEM**”) since 10 August 2001. Pursuant to a special resolution passed on 7 January 2008, the shareholders of the Company resolved to change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The re-domicile was completed on 22 January 2008. The change of domicile has no impact on the continuity and the listing status of the Company. The addresses of its registered office and principal place of business are disclosed in the corporate information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) (rounded to the nearest thousand except for per share data), which is the same as the functional and presentation currency of the Company.

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

## 2. 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 and the Hong Kong Companies Ordinance.

The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in preparing the audited financial statements for the year ended 31 December 2015. 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 2016. 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 “**Audit Committee**”).

The unaudited interim financial statements should be read in conjunction with the annual report for the year ended 31 December 2015.

## 3. 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 (2015: 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.

## Segment revenue and results

### For the six months ended 30 June 2016 (unaudited)

	Synthetic sapphire watch crystals HK\$'000	Optoelectronic products HK\$'000	Liquor HK\$'000	LED lighting products HK\$'000	Consolidated HK\$'000
Segment revenue	-	372	4,637	5,157	10,166
Segment results	(64)	(155)	1,365	(322)	824
Reconciliation:					
Total profit for reportable segments					824
Unallocated corporate income					17
Share of profit of associates					96
Unallocated corporate expenses					(4,295)
Consolidated loss before taxation					(3,358)

### For the 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)

	Synthetic sapphire watch crystals <i>HK\$'000</i>	Optoelectronic products <i>HK\$'000</i>	Liquor <i>HK\$'000</i>	LED lighting products <i>HK\$'000</i>	Total for reportable segments <i>HK\$'000</i>
<b>As at 30 June 2016 (unaudited)</b>					
Segment assets	798	2,513	273	48,464	52,048
Unallocated assets					26,255
Consolidated assets					78,303
<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

#### 4. LOSS FROM OPERATIONS

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

	For the six months ended 30 June	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Depreciation of property, plant and equipment	310	889
Employee benefit expense (including Directors' emoluments)	1,745	876

#### 5. FINANCE COSTS

	For the six months ended 30 June	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Interest on promissory notes	-	3,412

## 6. 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 2016 (2015: 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 2016 (2015: Nil).

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

## 7. INTERIM DIVIDEND

The Board does not declare the payment of any dividend for the six months ended 30 June 2016 (2015: Nil).

## 8. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30 June 2016 is based on the Group's loss attributable to owners of the Company for the period of approximately HK\$3,358,000 (2015: HK\$5,015,000) and on the weighted average number of 1,273,806,044 (2015: 758,497,873) shares.

Diluted loss per share for the six months ended 30 June 2016 and 30 June 2015 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.

## 9. PROPERTY, PLANT AND EQUIPMENT

	<i>HK\$'000</i>
<hr/>	
As at 31 December 2015 (audited)	
Opening net book amount 1 January 2015	13,951
Additions	2,099
Depreciation charged	(13,604)
Exchange realignment	(83)
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Closing net book amount as at 31 December 2015	2,363
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<b>As at 30 June 2016 (unaudited)</b>	
Opening net book amount 1 January 2016	2,363
Additions	22
Depreciation charged	(310)
<hr/>	
<b>Closing net book amount as at 30 June 2016</b>	<b>2,075</b>
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## 10. TRADE RECEIVABLES

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

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Current	<b>1,027</b>	1,593
31-60 days	<b>355</b>	2,984
61-90 days	–	2,648
91-120 days	<b>338</b>	554
Over 121 days	<b>3,686</b>	1,594
	<b>5,406</b>	9,373

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

## 11. TRADE PAYABLES

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

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Current	<b>461</b>	4,183
31-60 days	–	–
61-90 days	–	79
Over 90 days	<b>953</b>	1
	<b>1,414</b>	4,263

## 12. SHARE CAPITAL

	30 June 2016 (Unaudited)		31 December 2015 (Audited)	
	Number of shares (thousands)	HK\$'000	Number of shares (thousands)	HK\$'000
Authorised:				
Ordinary shares of HK\$0.05 each	20,000,000	1,000,000	20,000,000	1,000,000

	Unaudited Number of shares (thousands)	Share capital HK\$'000
At 1 January 2016 and 30 June 2016	1,273,806	63,690

## 13. COMMITMENTS

### Commitments under operating leases

At 30 June 2015, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	
	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Within one year	1,114	1,164
In the second to fifth years inclusive	-	557
	1,114	1,721

## 14. 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 2016 (2015: Nil).

## 15. CONTINGENT LIABILITIES

At 30 June 2016, the Group had no material contingent liabilities (at 31 December 2015: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

Total revenue of the Group for the six months ended 30 June 2016 (the “**Period**”) amounted to approximately HK\$10,166,000, representing a 95% increase from that of approximately HK\$5,209,000 generated in the corresponding period in 2015. Loss attributable to owners of the Company for the Period was approximately HK\$3,358,000 while that of the corresponding period in 2015 was approximately HK\$5,015,000.

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

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

The Group did not generate any revenue during the Period (2015: HK\$Nil).

#### **Optoelectronics products division**

The Group recorded a revenue of approximately HK\$372,000 for the Period (2015: approximately HK\$2,447,000), representing a decrease of approximately HK\$2,075,000.

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

The Group recorded a revenue of approximately HK\$5,157,000 for the Period (2015: approximately HK\$2,762,000), representing an increase of approximately HK\$2,395,000.

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

The Group recorded a revenue of approximately HK\$4,637,000 for the Period (2015: Nil).

## CAPITAL STRUCTURE, FINANCIAL RESOURCES AND LIQUIDITY

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 maximize the value of its shareholders (the "**Shareholders**").

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 may adjust the dividend payment to the Shareholders, return capital to the Shareholders or issue 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 shareholders' funds of the Group were slightly decreased to approximately HK\$53,034,000 as at 30 June 2016 (31 December 2015: approximately HK\$56,557,000), which was mainly resulted from the operating loss for the Period. The Group's current assets amounted to approximately HK\$55,008,000 as at 30 June 2016 (31 December 2015: approximately HK\$61,098,000), of which approximately HK\$39,361,000 (31 December 2015: approximately HK\$39,316,000) was cash and cash equivalents.

As at 30 June 2016, the Group had cash and cash equivalents of approximately HK\$39,361,000 (31 December 2015: approximately HK\$39,316,000), of which approximately 6% and 94% (31 December 2015: approximately 3% and 97%) were denominated in Hong Kong dollars and Renminbi respectively.

As at 30 June 2016, the Group's borrowing comprised the promissory notes amounting to approximately HK\$15,000,000 (31 December 2015: approximately HK\$15,000,000). The promissory notes were repayable within one year and are denominated in Hong Kong dollars.

The Group's gearing ratio as at 30 June 2016 was -38.3% (31 December 2015: -25.4%). The Group's gearing ratio was kept at a low level as other than the promissory notes of approximately HK\$15,000,000 (31 December 2015: approximately HK\$15,000,000), the Group had no other borrowings. Gearing ratio is calculated by dividing the net debt with the aggregate of total capital and net debt. Net debt includes trade payables, other payables and accruals, and promissory notes, less cash and cash equivalents. Total capital represents equity attributable to owners of the Company.

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

## 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; 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 have not been 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; and (b) the Company. In this action, Good Capital sought to challenge the validity of the issue 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 have not been 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 financial impact on the financial statements of the Company.
- iii) Under action HCA 987/2016, Good Return (BVI) Limited (“**Good Return**”), a wholly-owned subsidiary of the Company, claims against Wickham Ventures Limited (“**Wickham**”) and Ms. Lee Hei Wun (“**Ms. Lee**”) for, among others, the shortfall of a profit guarantee in a total sum of HK\$16,188,374 pursuant to the sale and purchase agreement under which Good Return acquired Arnda Semiconductor Limited from Wickham.

On 21 July 2016, Ms. Lee filed a Defence and Counterclaim alleging misrepresentation and breach of contract on the part of Good Return and claiming damages. She also seeks to rectify and rescind previous agreements. The damages claimed by Ms. Lee have not been quantified in her Defence and Counterclaim. At present, Good Return is in the course of preparing its Reply and Defence to Counterclaim.



- iv) 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 Investments 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.
- v) On 20 April 2016, a writ of summons was issued and filed in the High Court of Hong Kong by an individual namely Zhu Jun Min (the “**Claimant**”) against the Company for claiming a sum of approximately HK\$3.5 million, being the face value of a promissory note allegedly issued by the Company to the Claimant in 2013.

Upon the Claimant’s request, the Company agreed to have the proceedings stayed for three months till 6 October 2016.

Save as disclosed above, neither the Company nor any of its subsidiaries was involved in any litigation at 30 June 2016, the end of the reporting period.

## **FINANCIAL REVIEW**

Total revenue of the Group for the Period amounted to approximately HK\$10,166,000, representing a 95% increase from that of approximately HK\$5,209,000 generated in the corresponding period in 2015. Increase in revenue was mainly due to the increase in market demand of the Group's LED lighting products and completion on sales of those liquor products inventories in the Period. Loss attributable to owners of the Company for the Period was approximately HK\$3,358,000 while that of the corresponding period in 2015 was approximately HK\$5,015,000.

Selling and distribution costs, administrative and other operating expenses for the Period were approximately HK\$6,261,000, representing a slight increase of approximately HK\$201,000 or 3% from the same period of last year.

### **Employees and remuneration policies**

As at 30 June 2016, the Group had 53 employees (31 December 2015: 53). Employees were remunerated according to their performance and work experience. In addition to the basic salaries and retirement scheme, staff benefits include free accommodation at the Group's staff quarters in the People's Republic of China, performance bonus and share options. The total staff costs including Directors' remuneration for the Period were approximately HK\$1,745,000 (2015: approximately HK\$876,000).

### **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 2016, the Group had no pledge of assets and contingent liabilities (31 December 2015: Nil).

### **Event after reporting period**

There were no important events affecting the Group which have occurred since the end of the Period.

## PROSPECTS

The Company will conduct a review on its business operations and financial position for the purpose of formulating business plans and strategies for its future business development, which would enable the Group to diversify its businesses 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 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 business opportunities in other sectors to diversify risks and broaden its sources of income. 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 its equity holders.

The Group will take possible opportunities in the financial markets to raise funds to facilitate future merger and acquisition activities and/or to increase the working capital of the Group.

The Group had commenced its LED lighting products trading business in late 2014 and expanded the operation scale in 2015. In 2016, the Group will continuously focus on the LED lighting products business and the Board and the management believe that this can improve the Group's financial performance.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2016, the interests and short positions of the Directors and the chief executive of the Company (the "**Chief Executive**") in the shares, underlying shares and debentures of the Company or 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 were required: (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 short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein (the "**Register**"); or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange were as follows:

## Interests in ordinary shares of the Company (the “Shares”)

Name of Director/ chief executive	Capacity/Nature of interests	No. of Shares Held	Underlying Shares	Long/Short Position	Approximate percentage of the issued Shares <i>(Note)</i>
Wong Kin Hong	Beneficial owner	25,500,000	–	Long Position	2.00%

*Note:* The percentage represents the number of Shares interested divided by the number of the issued Shares as at 30 June 2016.

As at 30 June 2016, save as disclosed above, none of the Directors and the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be: (a) 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) recorded in the Register required to be kept pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the required standards of dealing by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

## DIRECTORS' RIGHT TO ACQUIRE SHARES

At no time during the Period were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company or of any other body corporate 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 or their respective spouse or minor children to acquire such rights in the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2016, so far as the Directors are aware, the persons (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares and 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 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 were 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 shareholder	Capacity/Nature of interests	Number of Shares Held	Underlying Shares	Long/Short Position	Approximate percentage of the issued Shares (Note)
Elisabeta Ling	Beneficial owner	118,500,000	–	Long Position	9.30%

*Note:* The percentage represents the number of Shares interested divided by the number of the issued Shares as at 30 June 2016.

So far as is known to any Director, there was no person (other than a Director or the chief executive of the Company) who, as at 30 June 2016, had an interest or short position in the Shares and 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 was any other substantial shareholder 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 the company's LISTED SECURITIES

The Company did not redeem any of its Shares listed and traded on the GEM nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the Period.

## SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Scheme**"), which was adopted by the Company on 8 March 2011 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's Directors, including independent non-executive Directors, employees, whether full-time or part-time, of the Group or any Invested Entity (as defined in the Scheme), suppliers of goods or services to the Group or any Invested Entity, customers of the Group or any Invested Entity, person or entity that provides research, development or other technological support to the Group or any Invested Entity, and any shareholder of any member of the Group or any Invested Entity or holder of securities issued by any member of the Group or any Invested Entity.

Under the Scheme, the Board of Directors of the Company may grant options to eligible 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 Scheme shall not in aggregate exceed 10% of the total number of shares of the Company in issue on the adoption date of the Scheme. The maximum number of shares of the Company in respect of which share options may be granted under the 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 (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.

The options were granted at a consideration of HK\$1 each. As at the date of this interim report, options to subscribe for a total of 113,415,152 option shares are still outstanding under the Scheme which represents approximately 8.9% of the issued ordinary shares of the Company. The options outstanding at the end of the Period have a weighted average remaining contractual life of 9 years.

The Scheme shall be valid and effective for a period of 10 years commencing from the date the Company adopted the Scheme.

Details of the specific categories of options are as follows:

	<b>Date of grant</b>	<b>Exercise period</b>	<b>Exercise price</b> HK\$	<b>Adjusted exercise price</b> HK\$
<b>Employees and consultants</b>				
2011	24/3/2011	24/3/2011 – 23/3/2021	1.450	N/A
2013	19/11/2013	19/11/2013 – 18/11/2023	1.594	1.503
2014	29/1/2014	29/1/2014 – 28/1/2024	1.160	1.094
2015	13/7/2015	13/7/2015 – 12/7/2025	0.220	N/A
<b>Former directors</b>				
2013	19/11/2013	19/11/2013 – 18/11/2023	1.594	1.503

*Remarks:* The options are fully vested as of the date of grant.

Details of the movement of share options during the Period are as follows:

	<b>Number of share options</b>	<b>Weighted average exercise price HK\$</b>
Outstanding at 1 January 2016	<b>113,415,152</b>	<b>0.302</b>
Granted during the Period	-	-
Forfeited during the Period	-	-
Exercised during the Period	-	-
Lapsed during the Period	-	-
Outstanding at 30 June 2016	<b>113,415,152</b>	<b>0.302</b>
Exercisable at 30 June 2016	<b>113,415,152</b>	<b>0.302</b>

## **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 of 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 execution of business plans.

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

There was no change of Directors' and Chief Executive's information since the disclosure made in the Company's First Quarterly Report 2016 dated 13 May 2016 except the following:

- Mr. Gao Hong has been appointed as an executive Director of the Company with effect from 18 June 2016.
- Mr. Li Zhi Qiang has been appointed as an executive Director of the Company with effect from 22 June 2016.

## **COMPETING INTERESTS**

During the Period, none of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company or any of their respective close associates (as defined in the GEM Listing Rules) had an interest in a business that competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person had or might have with the Group.

## **INTEREST OF COMPLIANCE ADVISER**

As notified by the Company's compliance adviser, Messis Capital Limited (the "**Compliance Adviser**"), as at 30 June 2016, except for the compliance adviser agreement dated 29 July 2014 and entered into between the Company and the Compliance Adviser, review the Compliance Adviser nor its directors, employees or close associates (as defined in the GEM Listing Rules) had any interests in relation to the Company, 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 the Audit Committee with written terms of reference which set out clearly its authority and duties. The principal duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal control systems. As at the date of this interim report, the Audit Committee comprises four independent non-executive Directors, 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 condensed consolidated financial statements for the Period and this 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 standards and principles, requirements of the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure had been made.

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

Hong Kong, 11 August 2016

As at the date of this interim 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. Gao Hong; and
- (6) Mr. Li Zhi Qiang

### *INEDs*

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