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

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

(Stock Code: 8150)

ANNUAL RESULT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement 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 announcement misleading.

HIGHLIGHTS

- The Group recorded total turnover for the year ended 31 December 2012 of HK$26,993,000, representing approximately 42.6% decline over the corresponding period in 2011.
- The Group recorded an audited loss attributable to owners of the Company for the year ended 31 December 2012 of HK$58,362,000, representing an increase of loss of approximately 15.5% as compared to the corresponding period in 2011.
- The Directors do not recommend the payment of any dividends for the year ended 31 December 2012.

AUDITED ANNUAL RESULTS

The Directors of Seamless Green China (Holdings) Limited (the "Company" and together with its subsidiaries, hereinafter collectively referred to as the "Group") are pleased to announce the audited results of the Group for the year ended 31 December 2012 together with the comparative audited figures for the year ended 31 December 2011, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Note	**2012** *HK$'000*	2011 *HK$'000*
Turnover	*4(a)*	**26,993**	47,050
Cost of sales		**(23,571)**	(41,199)
Gross profit		**3,422**	5,851
Other revenue and other net income		**1,284**	1,970
Selling and distribution costs		**(1,482)**	(2,895)
Administrative and other operating expenses		**(56,657)**	(38,118)
Gain on disposal of subsidiaries		**524**	–
Change in fair value of investment property		**368**	–
Gain on disposal of property, plant and equipment		**14**	–
Loss on early redemption on promissory notes		**(3,227)**	–
Net loss on financial assets at fair value through profit or loss		**–**	(720)
Loss on derecognition of intangible asset		**–**	(8,700)
Purchase costs recognised as expense		**–**	(2,413)
Impairment losses on trade and other receivables		**(1,778)**	(5,130)
Loss from operations		**(57,532)**	(50,155)
Share of loss of associates		**(44)**	–
Finance costs		**(666)**	(28)
LOSS BEFORE TAXATION	*6*	**(58,242)**	(50,183)
Income tax	*7*	**(120)**	(363)
LOSS FOR THE YEAR		**(58,362)**	(50,546)

	Note	2012 HK$'000	2011 HK$'000
Other comprehensive income after tax			
Exchange differences on translation of the financial statements of foreign subsidiaries		**(87)**	924
Surplus on revaluation of buildings		**-**	535
Other comprehensive (expense)/income for the year		**(87)**	1,459
Total comprehensive expense for the year		**(58,449)**	(49,087)
Loss attributable to owners of the Company		**(58,362)**	(50,546)
Total comprehensive expense attributable to owners of the Company		**(58,449)**	(49,087)
Loss per share attributable to the owners of the Company			
Basic	*9*	**22.63 cents**	27.01 cents
Diluted		**22.23 cents**	27.01 cents

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**9,277**	15,761
Intangible assets	*10*	**–**	–
Investment property		**16,614**	–
Prepaid land lease payments		**518**	537
Interests in associates		**64,750**	–
		91,159	16,298
Current assets			
Prepaid land lease payment		**17**	17
Inventories		**5,949**	4,924
Trade and other receivables	*11*	**22,364**	16,902
Cash and cash equivalents		**3,678**	26,740
		32,008	48,583
Current liabilities			
Bank overdrafts		**1**	1,779
Bank loans		**3,000**	–
Trade and other payables	*12*	**12,186**	9,745
Short term loans		**–**	4,520
Income tax payable		**2,421**	2,438
Promissory notes		**7,000**	–
		24,608	18,482
Net current assets		**7,400**	30,101
Total assets less current liabilities		**98,559**	46,399
Non-current liabilities			
Deferred tax liabilities		**1,265**	134
Promissory note		**46,449**	–
		47,714	134
NET ASSETS		**50,845**	46,265
CAPITAL AND RESERVES			
Share capital		**17,282**	10,587
Reserves		**33,563**	35,678
TOTAL EQUITY		**50,845**	46,265

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Share capital HK$'000	Share premium HK$'000	Revaluation reserve HK$'000	Warrant reserve HK$'000	Exchange reserve HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2011	7,083	34,260	–	–	1,741	1,020	(24,989)	19,115
Loss for the year	–	–	–	–	–	–	(50,546)	(50,546)
Other comprehensive income for the year:								
Exchange difference on translation of the financial statements of foreign subsidiaries	–	–	–	–	924	–	–	924
Surplus on revaluation of buildings held for own use, net of HK$134,000 tax	–	–	535	–	–	–	–	535
Total comprehensive expense for the year	–	–	535	–	924	–	(50,546)	(49,087)
Issue of shares upon placement, net of issuing cost of HK$1,935,000	3,150	65,265	–	–	–	–	–	68,415
Recognition of equity-settled share-based payments	–	–	–	–	–	1,393	–	1,393
Lapse of share options	–	–	–	–	–	(340)	340	–
Issue of shares upon exercise of share options	354	7,841	–	–	–	(1,766)	–	6,429
At 31 December 2011	10,587	107,366	535	–	2,665	307	(75,195)	46,265

For the year ended 31 December 2012

	Share capital	Share premium	Revaluation reserve	Warrant reserve	Exchange reserve	Share-based payment reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2012	**10,587**	**107,366**	**535**	**–**	**2,665**	**307**	**(75,195)**	**46,265**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(58,362)**	**(58,362)**
Other comprehensive income for the year:								
Exchange difference on translation of the financial statements of foreign subsidiaries	**–**	**–**	**–**	**–**	**(87)**	**–**	**–**	**(87)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(87)**	**–**	**(58,362)**	**(58,449)**
Issue of unlisted warrants	**–**	**–**	**–**	**1,400**	**–**	**–**	**–**	**1,400**
Recognition of equity settled share-based payment	**–**	**–**	**–**	**–**	**–**	**3,258**	**–**	**3,258**
Issue of shares								
– exercise of warrants	**1,150**	**18,630**	**–**	**(1,150)**	**–**	**–**	**–**	**18,630**
– placement, net of issuing cost of HK$1,365,000	**5,193**	**32,759**	**–**	**–**	**–**	**–**	**–**	**37,952**
– upon excercise of share options	**352**	**1,884**	**–**	**–**	**–**	**(447)**	**–**	**1,789**
Lapse of share options	**–**	**–**	**–**	**–**	**–**	**(1,767)**	**1,767**	**–**
At 31 December 2012	**17,282**	**160,639**	**535**	**250**	**2,578**	**1,351**	**(131,790)**	**50,845**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. Seamless Green China (Holdings) Limited was a limited liability company incorporated in the Cayman Islands on 18 January 2001 as an exempted company. The shares of the Company have been listed on the Growth Enterprises Market (the "GEM") since 10 August 2001. Pursuant to the 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 financial statements are presented in Hong Kong dollars (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 manufacture and sale of synthetic sapphire watch crystals and optoelectronic products, and in the trading of liquor, fashion and integrated circuits and software trading and development.

2. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")**

   (a) Standards and Interpretations adopted in the current period

   In the current year, the Group has adopted the following new and revised standards, amendments and interpretations (hereinafter collectively referred to as "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are relevant to and effective for the Group's financial period beginning on 1 January 2012:

Amendments to HKAS 12	Deferred tax: Recovery of underlying asset;
Amendments to HKFRS 7	Financial instruments: Disclosures – Transfers of financial assets; and

   The adoption of the new and revised HKFRSs has no material effect on the consolidated financial statements of the Group for the current and prior accounting periods.

(b) Standards and Interpretations issued but not yet adopted

The Group has not early applied any of the following new and revised standards, amendments and interpretations which have been issued but are not yet effective for annual periods beginning on 1 January 2012:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

The directors of the Company anticipate that the application of the other new and revised standards or interpretations will have no material impact on the Group's results and the financial position of the Group.

3. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by HKICPA. In addition, the financial statements include applicable disclosures required by the GEM Listing Rules and the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for certain buildings and financial assets at fair value through profit or loss, which have been measured at revalued amount or fair value.

4. TURNOVER AND OTHER INCOME AND GAINS

(a) Turnover

An analysis of the Group's turnover for the year is as follows

	2012	2011
	HK$'000	*HK$'000*
Sale of goods	**26,993**	47,050

The Group's turnover represents the sale value of goods supplied to customers, net of discounts and sales related tax during the year.

(b) Other income and gains

An analysis of the Group's other income and gains for the year is as follows:

	2012	2011
	HK$'000	*HK$'000*
Other income		
Bank interest income	**1**	3
Other interest income	**41**	370
Total interest income on financial assets not at fair value through profit or loss	**42**	373
Operating lease rental income	**17**	17
Others	**1,225**	138
	1,284	528

	2012	2011
	HK$'000	*HK$'000*
Other gains		
Net foreign exchange gains	**–**	1,442
	1,284	1,970

5. SEGMENT INFORMATION

Segment information reported by the Group's operating division to the chief operating decision maker ("CODM"), i.e. the directors of the Company, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. The Group's operating and reportable segments under HKFRS 8 are as follows:

(a) The synthetic sapphire watch crystals segment ("Sapphire") is a supplier of watch crystals mainly for use in the manufacture of watch products;

(b) The optoelectronic products segment ("Optoelectronic") is a supplier of optoelectronic products for use in internet cable; and

(c) The liquor products segment ("Liquor") is in trading of wine.

(d) The integrated circuits and software segment ("Integrated Circuits and Software") is in integrated circuits and software development and reselling business.

(e) The fashion products segment ("Fashion") is in wholeselling and retailing of fashions.

(a) Segment revenue and results:

For the year ended 31 December 2012:

	Sapphire	Optoelectronic	Liquor	Integrated circuits and software	Fashion	Total for reportable segments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	**22,468**	**3,502**	**200**	**351**	**472**	**26,993**
Segment result	**(7,315)**	**(542)**	**(369)**	**(3,111)**	**(998)**	**(12,335)**
Reconciliation:						
Total loss for reportable segments						**(12,335)**
Unallocated corporate income						**2,213**
Bank and other interest income						**40**
Share of loss of associates						**(44)**
Loss on early redemption of promissory notes						**(3,227)**
Finance cost						**(529)**
Unallocated corporate expenses						
– Staff costs						**(17,647)**
– others						**(26,713)**
Consolidated loss before taxation						**(58,242)**

For the year ended 31 December 2011:

	Sapphire	Optoelectronic	Liquor	Integrated circuits and software	Fashion	Total for reportable segments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	34,767	6,343	3,482	1,755	594	46,941
Segment result	(439)	(1,738)	(296)	1,661	(2,344)	(3,156)
Reconciliation:						
Total loss for reportable segments						(3,156)
Unallocated corporate income						421
Bank interest income						3
Net loss on financial assets at fair value through profit and loss						(720)
Impairment losses on						
– trade receivables						(5,130)
– property, plant and equipment						(125)
Loss on derecognition of intangible asset						(8,700)
Purchase costs recognised as expense						(2,413)
Finance cost						(28)
Unallocated corporate expenses						
– Staff costs						(15,106)
– Legal and professional fee						(11,926)
– Others						(3,303)
Consolidated loss before taxation						(50,183)

(b) Segment assets and liabilities:

For the year ended 31 December 2012:

	Sapphire	Optoelectronic	Liquor	Integrated circuits and software	Fashion	Total for reportable segments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	**13,326**	**5,257**	**2,669**	**2,178**	**–**	**23,430**
Unallocated assets						
– Cash and bank balances						**1,958**
– Interest in an associate						**64,750**
– Investment deposits						**11,500**
– Others						**25,129**
Consolidated assets						**123,167**
Segment liabilities	**(10,816)**	**(697)**	**(4)**	**(1,881)**	**–**	**(13,398)**
Unallocated liabilities						
– Promissory notes						**(53,449)**
– Current income tax payable						**(1,691)**
– Deferred tax liabilities						**(1,132)**
– others						**(2,652)**
Consolidated liabilities						**(72,322)**

For the year ended 31 December 2011:

	Sapphire *HK$'000*	Optoelectronic *HK$'000*	Liquor *HK$'000*	Integrated circuits and software *HK$'000*	Fashion *HK$'000*	Total for reportable segments *HK$'000*
Segment assets	15,676	4,234	6,566	8,560	1,340	36,376
Unallocated assets						
– Cash and bank balances						20,614
– Others						7,891
Consolidated assets						64,881
Segment liabilities	(6,350)	(789)	–	(1,912)	(877)	(9,928)
Unallocated liabilities						
– Short term loan						(4,520)
– Current income tax payable						(2,438)
– Deferred tax liabilities						(134)
– others						(1,596)
Consolidated liabilities						(18,616)

(c) Other segment information:

For the year ended 31 December 2012:

	Sapphire	**Optoelectronic**	**Liquor**	**Integrated circuits and software**	**Fashion**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditure	**164**	**–**	**–**	**–**	**–**	**21**	**185**
Interest income	**1**	**1**	**–**	**–**	**–**	**40**	**42**
Interest expense	**132**	**–**	**–**	**–**	**5**	**529**	**666**
Income tax expense	**18**	**28**	**–**	**–**	**–**	**74**	**120**
Write down of inventories	**2,135**	**1,950**	**14**	**–**	**–**	**–**	**4,099**
Depreciation and amortisation	**1,636**	**532**	**–**	**3**	**59**	**78**	**2,308**

For the year ended 31 December 2011:

	Sapphire	Optoelectronic	Liquor	Integrated circuits and software	Fashion	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditure	5,103	–	3,963	8,700	653	85	18,504
Interest income	1	1	–	–	–	371	373
Interest expense	–	–	–	–	–	28	28
Impairment loss on:							
– trade and other receivables	–	166	–	–	–	4,964	5,130
– property, plant and equipment	125	–	–	–	–	–	125
Loss on derecognition of intangible asset	–	–	–	8,700	–	–	8,700
Purchase costs recognised as expense	–	–	–	–	–	2,413	2,413
Income tax expense	18	47	–	237	–	61	363
Write down of inventories	2,283	830	183	–	–	–	3,296
Depreciation and amortisation	1,587	107	77	–	129	71	1,971

(d) Geographical Information

The Group's operations are mainly located in Hong Kong (place of domicile) and People's Republic of China ("PRC").

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenues from external customers		Non-current assets	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**8,295**	6,397	**682**	10,970
PRC	**3,853**	7,009	**90,477**	5,328
Taiwan	**34**	144	**–**	–
Europe	**14,811**	33,500	**–**	–
	26,993	47,050	**91,159**	16,298

(e) Information about major customers

	2012	2011
	HK$'000	*HK$'000*
Customer A	**7,562**	7,337
Customer B	**6,279**	12,012
Customer C	**5,481**	5,487
Customer D	**2,084**	–
Customer E	**1,458**	6,200
Total	**22,864**	31,036

All revenue disclosed above is related to the "Sapphire" reportable segment.

(f) Information about product and services

	2012	2011
	HK$'000	*HK$'000*
Synthetic sapphire watch crystals	**22,468**	34,767
Optoelectronic products	**3,502**	6,343
Liquor	**200**	3,482
Integrated circuits and software	**351**	1,755
Fashion	**472**	594
Other	**–**	109
Total	**26,993**	47,050

6. LOSS BEFORE TAXATION

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

	2012	2011
	HK$'000	*HK$'000*
Amortisation of prepaid land lease payments	**17**	17
Depreciation of property, plant and equipment	**2,291**	1,954
Impairment losses on		
– Trade and other receivables	**–**	5,130
– Property, plant and equipment	**–**	125
Loss on derecognition of intangible asset	**–**	8,700
Purchase costs recognised as expenses	**–**	2,413
Cost of inventories*	**20,152**	37,903
Write down of inventories	**4,099**	3,296
Minimum lease payment under operating leases		
– Buildings	**1,579**	1,420
Auditors' remuneration		
– Audit services	**750**	720
– Other services	**–**	359
Staff costs (including directors' remuneration)		
Wages and salaries	**17,386**	12,017
Discretionary bonuses	**4,469**	4,245
Retirement scheme contributions	**159**	328
Equity-settled share-based payment expenses	**3,258**	1,393

* Cost of inventories includes HK$ 2,584,000 (2011: HK$3,612,000) relating to the staff costs and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses

7. INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of comprehensive income represents:

	2012	2011
	HK$'000	*HK$'000*
Current Tax – Hong Kong Profits Tax		
Charge for the year	**–**	298
Current tax – PRC Enterprise Income Tax		
Charge for the year	**46**	65
Deferred tax:		
Debit to profit or loss	**74**	–
Tax charge	**120**	363

Hong Kong profits tax has been provided for in the consolidated financial statements at the rate of 16.5% (2011:16.5%) on the estimated assessable profits arising in Hong Kong for the year.

According to the Corporate Income Tax Law of PRC and Circular 39, the tax rate of the PRC subsidiaries are gradually increased from 15% to 25% over a five – year transitional period (18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012 and thereafter). PRC Enterprise Income Tax has been provided for in the consolidated financial statements on the taxable profits at the rate as described above for the relevant years.

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2012	2011
	HK$'000	*HK$'000*
Loss before taxation	**(58,242)**	(50,183)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the countries concerned	**(9,997)**	(8,824)
Tax effect of non-taxable income	**(245)**	(69)
Tax effect of non-deductible expenses	**1,501**	9,757
Tax effect of temporary difference not recognised	**–**	(372)
Tax losses	**1,393**	–
Tax benefit not recognised	**7,394**	311
Tax losses utilised from previous periods	**–**	(440)
Tax effect of deferred tax liability	**74**	–
Income tax expense recognised in profit or loss	**120**	363

8. DIVIDENDS

The directors do not recommend the payment of any dividends to the owners of the Company for the year ended 31 December 2012 (2011: HK$nil).

9. LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

(a) Basic loss per share

The basic loss per share is calculated based on the loss attributable to owners of the Company of HK$58,362,000 (2011: HK$50,546,000) and the weighted average number of shares is 257,865,000 shares (2011: 187,107,000 shares) in issue during the year.

(b) Diluted loss per share

The calculation of diluted loss per share for the year ended 31 December 2012 is based on the net loss for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible notes. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 257,865,000 in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares of approximately 4,643,000 assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares at the earliest exercisable date or the beginning of the year ended.

Diluted loss per share for the years ended 31 December 2011 were the same as the basic loss per share as the potential shares arising from the exercise the Company's share options would decrease the loss per share of the Group for both years and is regarded as anti-dilutive.

10. INTANGIBLE ASSET

The intangible assets represented the right to collaborate with Hong Kong Applied Science and Technology Research Institute Company Limited ("ASTRI") on the development of LED lighting driver integrated circuits for solid state lighting ("Intangible asset") through a memorandum of understanding ("MOU") entered between Arnda Semiconductor Limited ("Arnda") and ASTRI for an effective period from March 2011 to June 2011. In the opinion of the directors of the Company, the intangible asset was acquired by the Group through the acquisition of 100% equity interest of Arnda on 28 May 2011 as disclosed in note 40 to the consolidated financial statements. The MOU was then lapsed in June 2011 and a loss of HK$8,700,000 was recognised in the profit or loss for the year ended 31 December 2011.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade and bills receivables	**4,332**	7,526	**–**	–
Loan receivables *(note (a))*	**–**	3,624	**3,840**	–
Other receivables *(note (b))*	**4,648**	1,818	**–**	8
Less: Allowance for doubtful debts	**(990)**	(6,277)	**–**	–
	7,990	6,691	**3,840**	8
Deposit paid to High court for litigation	**–**	3,350	**–**	3,350
Investment deposit *(note c)*	**11,500**	–	**–**	–
Deposits and prepayments	**2,874**	6,861	**1,032**	4,607
	22,364	16,902	**4,872**	7,965

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

An aged analysis of the trade and bills receivables (net of allowance for doubtful debts) at the end of the reporting period, based on the invoice date, is as follows;

	Group	
	2012	2011
	HK$'000	*HK$'000*
Current	**994**	4,193
31 – 60 Days	**1,076**	1,267
61 – 90 Days	**428**	409
Over 90 Days	**844**	501
	3,342	6,370

Movement in allowance for doubtful debts:

	Group	
	2012	2011
	HK$'000	*HK$'000*
At 1 January	**6,277**	990
Impairment loss recognised	**–**	5,287
Uncollectible amount written off *(note (a))*	**(5,287)**	–
At 31 December	**990**	6,277

Note:

(a) On 2 December 2010, Boom Creation Limited ("Boom Creation") and an independent third party ("the Vendor") entered into a sale and purchase agreement ("the Agreement") to acquire 1,180 shares of Top Prize Investments Limited ("Top Prize") for a consideration of RMB200,000 (equivalent to HK$246,000) in connection to an investment project in Wuxi ("Wuxi Project"). Pursuant to the Agreement, Boom Creation agreed to lend a loan in three tranches totaling RMB3,300,000 (equivalent to HK$4,065,000) to Bright City Corporation Limited ("Bright City"), which was unsecured and guaranteed by the Vendor and another independent third party ("the Guarantor"), interest bearing at 12% per annum and 50% of the principal of the loan together with interest accrued was repayable on 6 June 2011 and the remaining balance was repayable on 6 December 2011. As at 31 December 2011, tranche one loan of RMB500,000 (equivalent to HK$616,000 (2010: RMB500,000 (equivalent to HK$589,000) was lent to Bright City.

On the same date, Boom Creation entered into a loan agreement with Bright City for a loan of RMB2,000,000 (equivalent to HK$2,464,000) as working capital of replacement of energy efficient streets lamps business. The loan was unsecured and guaranteed by the Guarantor, interest bearing at 6% per annum and repayable on 20 December 2011.

Further on 25 March 2011, Boom Creation and the Vendor entered into a supplemental agreement to subscribe for 8,000 new shares of Top Prize for a deposit of RMB1,257,000 (equivalent to HK$1,548,000). Upon the issuance of the new shares, Boom Creation will in total hold 9,180 shares of Top Prize, which equivalent to 51% of total issued shares of Top Prize.

The above transaction was lapsed upon the expiration of long stop date as at 30 September 2011.

As at 31 December 2011, the Group have an outstanding receivables in total of RMB3,757,000 (equivalent to HK$4,628,000) comprising loan receivable of RMB2,500,000 (equivalent to HK$3,080,000) and deposit paid for subscription of Top Prize's new shares of RMB1,257,000 (equivalent to HK$1,548,000), which was past due but not yet recovered. In the opinion of the directors of the Company, the Wuxi project was lapsed in September 2011 and the directors are taking legal actions to recover the deposits and loans. However the directors consulted that the possibility of record the deposits and loans receivables were remote, thus full impairment was made on these deposits and loan receivables.

During the year ended 31 December 2012, the directors considered the amount was irrecoverable, all relevant balances have been written off with its allowance for doubtful debts.

(b) The balance includes a loan to independent third party of HK$3,840,000 was unsecured with 2% interest per annum was will be repaid by 31 March 2013.

(c) As at 31 December 2012, the balance represents a refundable deposit of HK$11,500,000 (2011: nil) for several of proposed investments as follows:

i. Pursuant to announcement dated 7 August 2012, SG New Energy (BVI) Limited, a wholly owned subsidiary of the Company, entered into a MOU to acquire 49% of issued share capital in EQM (Int'l) Co. Limited (the"EQM ") from Mr. Chu Chun Kit, an independent third party (the "Vendor 1"). During the year ended 31 December 2012, The Group has paid to vendor 1 of HK$7,000,000 which is secured by 49% of issued share capital in EQM. As at 31 December 2012, in the opinion of directors of the Company, the acquisition subject to negotiations and planning to enter the formal agreement with Vendor 1 on or before 6 May 2013. As such, in the opinion of directors, the deposit is fully recoverable and therefore no impairment is required.

ii. Pursuant to announcement dated 12 April 2012, Peace Blue Limited, a wholly owned subsidiary of the Company, entered the agreement to acquire 51% of the issued share capital of Upper Grand Limited. (the"Upper Grand ") from two independent third parties (the "Vendors 2").

During the year of 2012, investment deposit of HK$5,000,000 has been paid to the Vendors 2.

Since the conditions precedent had not been fulfilled, the agreement was terminated on 28 November 2012 and investment deposit has been refunded by Vendors 2.

iii. Pursuant to announcement dated 10 December 2012, The Company and Silver Bonus Limited entered the agreement to acquire 28% of equity interest in Neo Partners Investments Limited (the " Neo Partners") to two independent third parties (the "Vendors 3"). During the year ended 31 December 2012, investment deposit of HK$3,500,000 has been paid to the Vendors 3.

On 23 January 2013, the acquisition of Neo Partners has been completed and such deposit will be reclassified as part of investment cost in 2013.

The ageing analysis of the trade and bill receivables that are not (or neither individually nor collectively) considered to be impaired is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Neither past due not impaired	**3,342**	5,017
Past due but not impaired:		
– Less than 1 month	**–**	1,027
– 1 to 3 months	**–**	–
– Over 3 months	**–**	326
	3,342	6,370

Receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

None of the prepayment, deposits and other receivables is either past due or impaired. The financial assets included in the above balances relate to receivables for which there were no recent history of default.

12. TRADE AND OTHER PAYABLES

	Group		**Company**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**4,810**	3,891	**–**	–
Other payables and accrued charges	**7,376**	5,854	**1,951**	1,387
	12,186	9,745	**1,951**	1,387

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Current	**278**	967
31 – 60 Days	**913**	925
61 – 90 Days	**1,201**	1,862
Over 90 Days	**2,418**	137
	4,810	3,891

The trade payables are non-interest bearing and are normally settled on 60 days terms.

13. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

For the year ended 31 December 2011

On 28 May 2011, the Group acquired the assets and liabilities of Arnda Semiconductor Limited ("Arnda") through the acquisition of 100% of the issued share capital of Arnda and the shareholder's loan in the sum of HK$3,410,000 at a total cash consideration of HK$11,100,000.

As at the date of acquisition by the Group, Arnda was in the stage of research and product development and held an intangible asset as stated in note 17 to the consolidated financial statements. Accordingly, this acquisition is accounted for as assets acquisition.

Purchase consideration transferred

	HK$'000
Cash	11,100
Total	11,100
Net assets acquired:	
Intangible assets	8,700
Cash and bank balances	22
Other payables and accrual charges	(35)
Amount due to shareholders	(3,410)
	5,277
Shareholder's loan	3,410
Purchase consideration transferred	11,100
Excess	(2,413)

There was an excess between purchase consideration paid and assets and liabilities acquired at the completion date amounting to HK$2,413,000. In the opinion of the directors of the Company, the excess was attributable to the future earnings to be generated by Arnda from the potential business and determined to pay a premium over its valuation.

Net cash outflow on acquisition of Arnda

	HK$'000
Cash consideration paid	11,100
Less: cash and cash equivalent acquired	(22)
	11,078

Pursuant to the sale and purchase agreement of Arnda dated 1 April 2011(the "Agreement"), there was a profit guarantee clause in which the Group is entitled to be compensated with a shortfall of approximately HK$1,861,000 for the year ended 31 December 2011. However, no provision for profit guarantee receivable is recognised in the consolidated financial statement as, in the opinion of the directors of the Company, the Company, Wickham Ventures Limited ("the Vendor") and Ms. Lee Hei Wan ("the Guarantor") are in negotiation to enter into a supplemental agreement to amend the terms of the Agreement in relation to the profit guarantee clause.

For the year ended 31 December 2012

During the year, Excel Energy Holdings Limited, a wholly owned subsidiary of the Company, acquired the entire equity in Fullway (China) Limited for aggregated consideration of HK$15 million which the issue of promissory notes in principal amount of HK$15 million.

14. DISPOSAL OF SUBSIDIARIES

Disposal of subsidiaries during the year ended 31 December 2012

During the year 31 December 2012, a wholly owned subsidiary of the Company entered into a sale and purchase agreement for the disposal of the entire equity interests in Chances (B.V.I.) Holdings Limited and Splendor Day Limited and its subsidiaries at a cash consideration of US$2.

Consideration received

	2012	2011
	HK$'000	*HK$'000*
Consideration received in cash and cash equivalent	**1**	–
Total consideration received	**1**	–

The cash flow and the carrying amount of net liabilities of the subsidiaries sold or deregistered at the date of disposal were as follows:

	Amounts derecognised *HK$'000*
Property, plant and equipment	465
Inventories	472
Trade and other receivables	568
Cash and cash equivalents	107
Trade and other payables	(2,137)
Net liabilities disposed of	(525)
Consideration of disposals	1
Gain on disposal of subsidiaries, net	524
Cash consideration received	1
Cash and cash equivalents disposed of	(107)
Net cash inflow arising on disposals	106

BASIS FOR QUALIFIED OPINION

Scope limitation – Investment property

During the year ended 31 December 2012, the Group acquired an investment property in the PRC through the acquisition of the entire equity interests in Fullway (China) Limited at the consideration of HK$15,000,000. The acquisition was completed on 28 March 2012. However, as at 31 December 2012, the land use rights of the said investment property has yet to be transferred to the Group. In the absence of adequate documentary evidence in respect of the land use rights of the investment property, we are unable to satisfy ourselves as to whether (i) the Group has legal ownership of the investment property; and (ii) the value of the investment property of approximately HK$16,614,000 as stated in the consolidated statement of financial position as at 31 December 2012 was free from material misstatement.

Any adjustments found to be necessary in respect of the above matters would affect the Group's net assets as at 31 December 2012, and the Group's loss for the year then ended.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

In our opinion, except for the effect of the matters described in the basis for the qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 December 2012 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

FINANCIAL REVIEW

The turnover of the Group for the year ended 31 December 2012 decreased by HK$20.1 million; cost of sales decreased by HK$17.6 million. Gross profit margin increased to 12.7% for the year ended 31 December 2012 from 12.4% for the year ended 31 December 2011.

Net loss attributable to shareholders amounted to approximately HK$58.3 million (2011: HK$50.6 million). Basic loss per share for the year was HK22.63 cents (2011: HK27.01 cents).

Sapphire watch crystals division

The turnover of the sapphire watch crystals for the year ended 31 December 2012 decreased by HK$12.3 million. Cost of sales of the sapphire watch crystals during the same year decreased by HK$9.69 million.

Turnover generated from European customers decreased to HK$14.8 million for the year ended 31 December 2012, representing a decrease of approximately 55.8% from that of HK$33.5 million generated from the year ended 31 December 2011. Sales to customers in Taiwan decreased to HK$0.03 million for the year ended 31 December 2012, representing a decrease of approximately 76.4% from that of HK$0.1 million for the year ended December 2011. Turnover from Hong Kong customers increased to HK$8.3 million for the year ended 31 December 2012, representing an increase of approximately 29.7% from that of HK$6.4 million generated for the year ended 31 December 2011.

Optoelectronics products division

The sales of ferrules for the year ended 31 December 2012 and 2011 were amounted to HK$3.5 million and HK$6.3 million respectively. Cost of sales for the corresponding periods were HK$3.3 million and HK$6.5 million respectively.

Liquor products division

Sales from the liquor products division for the year ended 31 December 2012 and 2011 were amounted to HK$0.2 million and HK$3.5 million respectively. Cost of sales in for the year ended 31 December 2012 and 2011 were amounted to HK$0.2 million and HK$3.2 million respectively

Integrated circuits and embedded software trading and development division

The sales of integrated circuits and embedded software development and reselling for the year ended 31 December 2012 (2011: HK$1.8 million) was amounted to HK$0.4 million, primarily arising from reselling of educational software applications. Cost of sales for the corresponding year was HK$0.01 million. (2011: HK$0.02 million)

Wholesaling and retailing of fashions division

The turnover of the wholesaling and retailing of fashions was amounted to HK$0.5 million for the year ended 31 December 2012 (2011: HK$0.6 million). Cost of sales for the corresponding year was HK$0.1 million (2011: HK$0.21 million).

Other income and gains

Other income and gains for the year ended 31 December 2012 amounted to HK$1.3 million, representing a decrease of approximately 34.8% from that of HK$1.9 million generated from the year ended 31 December 2011. This was mainly due to (i) decrease in net foreign exchange gain by HK$1.4 million.

Selling and distribution costs, administrative and other operating expenses for Continuing Operations

Selling and distribution costs for the year ended 31 December 2012 amounted to approximately HK$1.5 million. This represents a decrease of approximately HK$1.4 million from that recorded for the year ended 31 December 2011.

Total administrative and operating expenses were approximately HK$56.7 million for the year ended 31 December 2012 (2011: HK$38.1 million).

The increase in the total administrative and operating expenses was mainly attributable to the increase in the legal and professional fee and increase in staff costs to cope with the Group's business expansion and diversification for the year ended 31 December 2012.

Financial resources and liquidity

The Group's shareholders' funds were increased to approximately HK$50.8 million as at 31 December 2012 (2011: HK$46.3 million). Current assets amounted to approximately HK$32.0 million as at 31 December 2012 (2011: HK$48.6 million), of which approximately HK$3.7 million (2011: HK$26.7 million) was cash and bank balances and approximately HK$22.4 million (2011: HK$16.9 million) was trade and other receivables.

As at 31 December 2012, the Group's total borrowings amounted to approximately HK$56.5 million (2011: HK$6.3 million), of which HK$10 million (2011: HK$6.3 million) were short-term borrowings repayable within one year.

The Group's gearing ratio as at 31 December 2012 was 37.5% (2011: N/A). 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, interest-bearing bank loan and promissory notes, less cash and cash equivalents, and excludes discontinued operations. Total capital represents equity attributable to owners of the Company.

Foreign currency risk

During the year, the Group had transactional currency exposures as the sales and purchases of the Group were mainly transacted in United States dollars ("USD"), Swiss Franc ("CHF"), Chinese Renminbi ("RMB"), Euro ("Euro"), New Taiwan dollars ("NTD") and Hong Kong dollars ("HKD").

During the year ended 31 December 2012, the exchange rate of USD and RMB was quite stable and the exchange rate of CHF, NTD and Euro were comparatively volatile.

As at 31 December 2012, the Group had not hedged any foreign currency sales to reduce such foreign currency risk. The management will monitor this risk, if the exchange rates of these foreign currencies have continuous fluctuation, the management will consider using forward currency contracts to reduce these risks.

Capital structure

During the year, the Company has issued 28,000,000 warrants at an issue price of HK$0.05 per warrant which attaching the rights to subscribe for 28,000,000 ordinary shares of the Company at a subscription price of HK$0.81 per share to Equity Reward Limited. Details of the warrants were set out in the announcement dated 5 March 2012. During the year, 23,000,000 warrants were exercised.

During the year, 7,042,476 ordinary shares of HK$0.05 were issued in respect of the exercise of share option by employees under the share option scheme.

On 5 July 2012, a placing agreement was entered into between the Company and the placing agent, pursuant to which the Company appointed the placing agent to procure altogether not less than six placees, who were independent third parties, on a best effort basis, for subscribing up to an aggregate of 23,500,000 placing shares at HK$0.395 per placing share. All the placing shares were issued and allotted on 18 July 2012.

On 20 July 2012, a placing agreement was entered into between the Company and the placing agent, pursuant to which the Company appointed the placing agent to procure altogether not less than six placees, who were independent third parties, on a best effort basis, for subscribing up to an aggregate of 23,440,000 placing shares at HK$0.31 per placing share. All the placing shares were issued and allotted on 3 August 2012.

On 29 October 2012, a placing agreement was entered into between the Company and the placing agent, pursuant to which the Company has appointed the placing agent to procure altogether not less than six placees, on a best effort basis, for subscribing up to an aggregate of 57,740,000 Placing Shares at HK$0.40 per Placing Share. During the year, 38,000,000 placing shares were issued and allotted on 15 November 2012.

On 20 November 2012, a placing agreement was entered into between the Company and the placing agent, pursuant to which the Company has appointed the placing agent to procure altogether not less than six placees, on a best effort basis, for subscribing up to an aggregate of 19,740,000 Placing Shares at HK$0.40 per Placing Share. During the year, 18,920,000 placing shares were issued and allotted on 4 December 2012.

Employees

As at 31 December 2012, the Group had 119 (2011: 136) employees. Employees were remunerated according to their performance and work experience. In addition to basic salaries and retirement scheme, staff benefits included free accommodation at the Group's staff quarters in the PRC and performance bonus and share options. Total staff costs including directors' remuneration for 2012 were approximately HK$25.3 million (including equity-settled share-based payment expenses of approximately HK$3.3 million) (2011: HK$18.0 million (including equity-settled share-based payment expenses of approximately HK$1.4 million)). The increase in the staff costs is primarily due to the broadening of the business scopes and activities of the Group.

Material acquisitions and disposal of subsidiaries and affiliated companies

During the year, the Group acquired 20% of the entire issued share capital of Great Steer Limited at a consideration of HK$80,000,000 and acquired the entire issued share capital of Fullway (China) Limited at a consideration of HK$15,000,000.

During the year, the Group disposed certain subsidiaries which resulted in a gain on disposal of approximately HK$524,000.

Save as above, the Group had no other material acquisitions and disposal of subsidiaries and affiliated companies during the year ended 31 December 2012.

Segmental Information

An analysis of the Group's performance for the year by the type of goods sold is set out in note 5 to the financial statements and further elaborated under "Financial Review" of this section.

BUSINESS REVIEW

During the year, the Group recorded a decrease in turnover and an increase in loss attributable to equity shareholders of Company. The turnover was approximately HK$26,993,000 (2011: approximately HK$47,050,000), representing a decrease of 42.6% as compared to last year. The decrease in turnover was mainly due to decrease in market demand in both sapphire watch crystals and optoelectronics products. Loss attributable to equity shareholders of the Company for year ended 31 December 2012 was approximately HK$58,362,000 (2011: HK$50,546,000). The loss was mainly attributable to the increase in losses of the business operations of the Group and increase in staff costs to cope with the Group's business expansion and diversification and increase in legal and professional fee.

During the year, the principal businesses of the Group are investment holding, property investment, manufacturing and sale of synthetic sapphire watch crystals, optoelectronics products, trading of liquor products and wholesaling, retailing of fashions, and the integrated circuits and software trading and development.

On 6 March 2012, Excel Energy Holdings Limited, a wholly owned subsidiary of the Company, and Mr. Tam Wing Yuen entered into a sale and purchase agreement in relation to the acquisition of 100% issued share capital of Fullway (China) Limited, which in return indirectly holds a residential property location in the PRC. The consideration of the acquisition amounted to HK$15,000,000 and would be satisfied by the issue of promissory note of equivalent. The acquisition was completed during the year.

Details of the above were set out in the Company's announcement dated 7 March 2012 and 28 March 2012.

On 10 April 2012, Peace Blue Limited, a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement (the "Agreement") with Mr. Zhi Yujie and Ms. Wong Tak Mei to acquire 51% of the issued share capital of Upper Grand Limited at a consideration of HK$30,000,000 ("the Acquisition-Upper Grand").

Since the due diligence conducted on the Upper Grand Limited has not been completed. the Agreement was terminated on 28 November 2012.

On 31 May 2012, the Company entered into the memorandum of understanding with Sky Ray Limited and Million Lofty Limited ("Vendors") in relation to the possible acquisition of 25% of the issued share capital of Great Steer Limited ("GSL") ("the Acquisition-GSL").

Double All Limited, a company wholly owned by GSL, intends to set up a wholly foreign owned enterprise in the PRC, which will enter into an agreement with Guangzhou Lianji Electronic Co., Limited（廣州市聯碁電子有限公司）to assume and undertake all the contractual and economic benefits and obligations of Guangzhou Lianji Electronic Co., Limited in relation to the business of installing big LED information broadcasting system in various cities in the PRC.

On 9 August 2012, the Vendors and the Company entered into the Agreement, pursuant to which the Vendors will sell and the Company will acquire 20% of the issued share capital of the GSL at the Consideration of HK$80,000,000. The Acquisition-GSL was completed on 23 November 2012.

Details of which were disclosed in the announcement of the Company on 31 May 2012, 20 August 2012 and 23 November and the circular dated 25 October 2012.

On 7 August 2012, SG New Energy (BVI) Limited, a wholly-owned subsidiary of the Company, entered into the memorandum of understanding with Mr. Chu Chun Kit, in relation to the possible acquisition of 49% of the issued share capital of EQM (Int'l) Co. Limited ("EQM"). The consideration was expected to be not less than HK$30,000,000 payable by way of convertible bonds, promissory notes and/or cash.

The principal business activities of EQM are in relation to the development and OEM of toys, promotional items and furniture for the global and local markets as well as various import and export shipping trading services.

Details of which were disclosed in the announcement of the Company on 7 August 2012 and 29 November 2012.

On 8 October 2012, Techtrend Holdings Limited ("Techtrend"), a company incorporated with limited liability in the BVI, being a wholly-owned subsidiary of the Company and Sunny Best Global Limited and Prosper Capital Holdings Limited ("Sunny Best and Prosper Capital") entered into the sale and purchase and subscription agreement (which was amended pursuant to the Supplemental Agreement signed on 11 October 2012 the Second Supplemental Agreement signed on 15 October 2012 and the third Supplemental Agreement signed on 4 January 2013 (collectively called "Agreements") in relation to the acquisition of approximately 25% equity interest in the Beaming Enterprises Limited ("Beaming").

Pursuant to the Agreements, (i) Sunny Best and Prosper Capital agreed to sell and Techtrend agreed to purchase approximately 16.7% of the existing issued share capital of Beaming (or approximately 15.0% of the enlarged issued share capital of the Beaming after completion) at a consideration of HK$17 million; and (ii) Beaming agreed to allot and issue and Techtrend agreed to subscribe for approximately 10% of the enlarged issued share capital of Beaming after completion at a consideration of HK$8 million, which will be used as general working capital of Beaming and its subsidiaries, namely Asia Base Holding Co., Limited, Beijing Hulian Meijing Technology Limited, Beijing Zhouwei Advertising Limited and Beijing Zhongshi Guanhua Technology Limited ("Beaming Group"). Upon completion, the Company will indirectly own approximately 25% shareholding in Beaming and therefore Beaming will become an associate of the Company.

The principal activities of Beaming Group are research and development, production and selling of computer software, providing technical, training, enquiry services designing, producing and publishing advertisement, providing clients solutions for arranging financial leasing services in the areas of, inter alia, telecommunication, broadcasting and medical equipment business in the PRC.

Details of the above were set out in the Company's announcement dated 15 October 2012 and 4 January 2013.

On 22 November 2012, 10 December 2012 and 14 December 2012, the Company and its wholly owned subsidiary entered into a letter of intent, sale and purchase agreement and supplementary sale and purchase agreement respectively with Mr. Lau Hin Chung and Shinning Team Investment Limited in relation to an acquisition of 28% shareholding of Neo Partner Investments Limited ("Neo") at a consideration of HK$23,800,000.

Neo, via its wholly owned subsidiary, Harvest View (China) Limited ("Harvest View"), entered into distribution agreements in relation to the distribution of Care Watch smart series products in the PRC.

Harvest View is principally engaged in the business of distribution of smart products in the PRC, including but not limited to Care Watch smart series products. Care Watch is a watch that is equipped with the Global Positioning System (GPS), which is a satellite navigation system that provides location and time information, such that any person wearing the watch can be located via GPS. Harvest View has been authorized as the exclusive agent for the Care Watch smart series products within the territory of the PRC for a period of 5 years and is subject to a minimum purchase order requirement of 500 sets of Care Watch for the first year and a 10% increment in each subsequent year. Harvest View has also entered into a distribution agreement to authorize the distributor to distribute the Care Watch smart series products within the territory of the PRC for a period of 5 years with a minimum purchase order requirement of 500 sets of Care Watch for each order and a minimum purchase order monetary amount requirement of HK$5,000,000 within the first 6 months.

The acquisition of Neo is completed on 23 January 2013. Details of the above were set out in the Company's announcement dated 22 November 2012, 10 December 2012, 14 December 2012 and 23 January 2013.

On 26 November 2012, the Company, Billion Sky Investment Limited (a wholly-owned subsidiary of the Company), Central Pacific International Group Limited ("Central Pacific") and Mr. Tang Wai Ting entered into a sale and purchase agreement in relation to the acquisition of 4.5% shareholding in Central Pacific at a consideration of HK$10 million.

Central Pacific owns 100% of the equity interest in Central Pacific International Technology Limited ("CPIT") and Zhonghuizhou Dianzi (Shenzhen) Limited ("Zhonghuizhou Dianzi").

The principal business activities of CPIT and Zhonghuizhou Dianzi are design and manufacturing and trading of GPS navigation system products. Zhonghuizhou Dianzi is a leading and professional OEM and ODM manufacturer of GPS modules, Bluetooth GPS receivers and navigation hardware solutions.

Together with the impeccable cooperation with five top global software and hardware solution partners, Zhonghuizhou Dianzi is able to design and produce wide-ranging products from chipset to modules, and can do so with the highest reliability and cost-efficiency. Further, Zhonghuizhou Dianzi has a large capital base to support and fulfill any current and future projects. This insures the company's leading position in the GPS arena.

Steered by a competent sales and marketing team, Zhonghuizhou Dianzi has gained sustainable global presence through the world's leading retailer stores. Zhonghuizhou Dianzi products have been widelydistributed and well-accepted in Western and Eastern Europe, and North and South America. In recent years, Zhonghuizhou Dianzi has been one of the few who can obtain great success in the emerging markets of Russia and India. The GPS products enable users to pre-plan trips to any destinations, avoid toll routes, and get step-by-step directions to any points of interest.

Details of the above were set out in the Company's announcement dated 26 November 2012.

On 28 August 2012, the Company and Great China Media Holdings Limited ("GCMH") entered into a letter of intent in relation to the possible acquisition of 100% of the issued share capital of China Outdoor Media Holdings Limited ("COMH") and Full Pace Holdings Limited ("Full Pace"). COMH and Full Pace and their respective subsidiaries are principally engaged in the business of (i) provision of multimedia technical consultancy services in the PRC, (ii) provision of consultancy services and supplying other equipment and materials such as lasers and fireworks display in certain occasions, and (iii) the licence and concessionary advertising business in the mass public transportation systems in the Hong Kong.

On 6 March 2013, Silver Bonus Limited, a wholly owned subsidiary of the Company, and GCMH entered into a sale and purchase agreement in relation to the acquisition of 45% issued share capital of Full Pace, which indirectly holds a subsidiary engaged in the license and concessionary advertising business in the mass public transportation systems in the Hong Kong and the distribution of Stratospheres within the territory of the PRC, Hong Kong and Macau. The consideration of the acquisition amounted was HK$50,000,000 and will be satisfied by the issue of promissory note. The acquisition was completed on 20 March 2013.

Details of the above were set out in the Company's announcement dated 28 August 2012, 6 March 2013 and 20 March 2013.

PROSPECTS

The Company will conduct a review on the business operations and financial position of the Company for the purpose of formulating business plans and strategies for its future business development which would enable the Group to diversify its business and broaden its income sources. In addition, the Company will divest in the business areas which did not perform well in past years and/or do not have good business prospects with a view to allocate and concentrate the resources of the Company into the business areas which have better business prospects and exploring other business and investment opportunities.

With the lead of the management team, the Company is actively exploring for business opportunities in other sector to diversify risk and broaden the sources of income of the Company. The Company has adequate resources to continue with business operations, and will continue to centralize corporate objective of developing current businesses in order to strengthen the competitiveness, integrate its capital resources and contribute a maximum wealth to our equity holders.

The Company is also actively exploring for investment opportunities through potential acquisitions and joint ventures.

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

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

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

The 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.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exists under the Company's articles of association or under the laws in the Bermuda.

PURCHASE, SALE, REDEMPTION OR CANCELLATION OF SHARES BY THE COMPANY AND/OR SUBSIDIARIES

Neither the Company nor its subsidiaries has purchased, sold, redeemed or cancelled any of the Company's share during the year ended 31 December 2012.

COMPETING INTERESTS

During the year ended 31 December 2012, 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.

CORPORATE GOVERNANCE

Adapting and adhering to recognized standards of corporate governance principles and practices are always one of the top priorities of the Company. The Board believes that good corporate governance is one of the areas that leads to success of the Company and in balancing the interests of shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

According to the code provision A.2.1 of the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules (the "Code"), the roles of the chairman and the chief executive officer should be segregated. However, the Company has no chief executive officer and chairman currently. The responsibility of that of a chief executive officer and chairman are currently taken up by the Board. If the Company can identify a suitable person with capable leadership and experiences, the Company may consider appointing a chief executive officer and chairman. Owing to the business nature and scope of the Company, a suitable person shall have profound understanding and experiences on each of the business segments as well as daily operation of the Group. The Company planned to appoint a chief executive officer and a chairman responsible for the Group's operation and direction in 2013.

Save as disclosed above, the Company has complied with the Code throughout the year ended 31 December 2012.

Directors' Securities Transaction

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors of the Company have compiled with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year 31 December 2012.

AUDIT COMMITTEE

As required by Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee with written terms of reference which deal clearly with its authority and duties. The audit committee's principal duties are the review and supervision of the Company's financial reporting process and internal control systems.

Audit committee, currently comprises three independent non-executive directors, namely Mr. Ng Kai Shing, Mr. Jal Nadirshaw Karbhari, Ms. Chan Sze Man, has been established to make recommendation to the Board on the Company's policy. Mr. Jal Nadirshaw Karbhari is the Chairman of the audit committee.

On Behalf of the Board
Seamless Green China (Holdings) Limited
Ho Chun Kit Gregory
Executive Director

Hong Kong, 28 March 2013

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

(1) Mr. Xu Xuefeng, as an executive Director;
(2) Mr. Nee, Henry Pei Ching, as an executive Director;
(3) Mr. Lau Tao Hung Henry, as an executive Director;
(4) Mr. Ho Chun Kit Gregory, as an executive Director;
(5) Mr. Lee Tat Wing, as an executive Director;
(6) Mr. Kwan Pak Ming, as an executive Director;
(7) Mr. Ng Kai Shing, as an independent non-executive Director;
(8) Mr. Jal Nadirshaw Karbhari, as an independent non-executive Director; and
(9) Ms. Chan Sze Man, as an independent non-executive Director.

This announcement will remain on the "Latest Company Announcement" page of the GEM website at www.hkgem.com for at least 7 days from the date of this posting and on the website of the Company at http://www.victoryhousefp.com/lchp/8150.html.