



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

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

Stock Code: 8150



Third Quarterly Report 2009



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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This report, for which the directors of Seamless Green China (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

1. The Group has recorded total turnover of approximately HK\$12,989,000 for the nine months ended 30 September 2009.
2. The Group has recorded a net loss attributable to shareholders for the nine months ended 30 September 2009 of approximately HK\$7,371,000, representing a basic loss per share of HK\$0.31 cents.
3. The directors do not recommend the payment of a dividend for the nine months ended 30 September 2009.

QUARTERLY RESULTS (UNAUDITED)

The Board of Directors (the "Board") of Seamless Green China (Holdings) Limited (formerly known as Fast System Technology (Holdings) Limited) (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the nine months ended 30 September 2009 together with the unaudited comparative figures for the corresponding period in 2008, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	<i>Notes</i>	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Turnover	2	4,166	5,589	12,989	22,998
Cost of sales		(3,655)	(4,298)	(10,709)	(17,910)
Gross profit		511	1,291	2,280	5,088
Other revenue		74	(63)	2,191	1,337
Loss on disposal of marketable securities		-	-	(1,457)	-
Operating expenses					
Distribution costs		(130)	(227)	(517)	(1,091)
Administrative expenses	3	(3,774)	(1,393)	(8,072)	(4,974)
Other operating expenses		(189)	(597)	(1,522)	(2,042)



	<i>Notes</i>	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Operating loss		(3,508)	(989)	(7,097)	(1,682)
Finance costs		<u>-</u>	<u>(166)</u>	<u>(190)</u>	<u>(459)</u>
Loss before tax		(3,508)	(1,155)	(7,287)	(2,141)
Income tax	4	<u>-</u>	<u>(2)</u>	<u>(84)</u>	<u>(83)</u>
Loss for the period		(3,508)	(1,157)	(7,371)	(2,224)
Other comprehensive income:					
Exchange differences on translating foreign operations		<u>891</u>	<u>237</u>	<u>729</u>	<u>242</u>
Total comprehensive income for the period		<u>(2,617)</u>	<u>(920)</u>	<u>(6,642)</u>	<u>(1,982)</u>
Loss attributable to equity holders of the Company		<u>(3,508)</u>	<u>(1,157)</u>	<u>(7,371)</u>	<u>(2,224)</u>
Total comprehensive income attributable to equity holders of the Company		<u>(2,617)</u>	<u>(920)</u>	<u>(6,642)</u>	<u>(1,982)</u>
Loss per share	5				
Basic (<i>in HK cents</i>)		<u>(0.08) cent</u>	<u>(0.39) cent</u>	<u>(0.31) cent</u>	<u>(0.74) cent</u>
Diluted (<i>in HK cents</i>)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)*For the nine months ended 30 September 2009*

	Share capital	Share premium	Exchange reserve	Contributed surplus	Convertible bonds reserve	Accumulated loss	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2009	299	3,948	3,097	-	3,559	(10,187)	716
Convertible bonds converted into shares	761	7,065	-	-	(3,559)	-	4,267
Issue of bonus shares	3,180	(3,180)	-	-	-	-	-
Total comprehensive income for the period	-	-	729	-	-	(7,371)	(6,642)
At 30 September 2009	<u>4,240</u>	<u>7,833</u>	<u>3,826</u>	<u>-</u>	<u>-</u>	<u>(17,558)</u>	<u>(1,659)</u>
At 1 January 2008	60,000	1,797	2,609	14,608	-	(77,451)	1,563
Total comprehensive income for the period	-	-	242	-	-	(2,224)	(1,982)
At 30 September 2008	<u>60,000</u>	<u>1,797</u>	<u>2,851</u>	<u>14,608</u>	<u>-</u>	<u>(79,675)</u>	<u>(419)</u>



NOTES TO FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The unaudited condensed consolidated accounts have been prepared to comply with the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The accounting policies and method of computation used in the preparation of these results are consistent with those used in the annual accounts for the year ended 31 December 2008. 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 2009. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the consolidated accounts and does not result in substantial changes to the Group's accounting policies except certain changes on the presentation of the consolidated accounts.

HKAS 1 (Revised), "Presentation of Financial Statements", requires all non-owner changes in equity to be shown in a performance statement, but entities can choose whether to present one performance statement (a statement of comprehensive income) or two statements (a profit and loss account and a statement of comprehensive income). The Group has elected to present a consolidated statement of comprehensive income.

2. Turnover

Turnover comprised the net invoiced value (excluding value-added tax) of merchandise sold net of allowances for returns and discounts.

3. Administrative expenses

Administrative expenses for the current period included an adjustment for derecognition of share-based payment of approximately HK\$24,015,000 previously recognized as expenses in the interim financial report in respect of the company's announcement of granting share options to certain directors and staff members on 18 June 2009 due to the management realised that the total number of share options granted exceeded 10% of the issued share capital of the company at the latest AGM which is not in accordance with the terms as set out in the circular dated 6 May 2009.

Income tax

- (a) The amount of taxation charged to the consolidated statement of comprehensive income (unaudited) represents:

	<i>Notes</i>	Unaudited		Unaudited	
		Three months ended		Six months ended	
		30 September		30 September	
		2009	2008	2009	2008
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong profit tax	(i)	-	-	84	-
Overseas taxation	(ii)	-	2	-	83
		<u>-</u>	<u>2</u>	<u>-</u>	<u>83</u>

Notes:

- (i) Hong Kong Profits Tax was provided for at the rate of 16.5% (2008: 16.5%) on the respective estimated assessable profits of the companies within the Group operating in Hong Kong during the year.
- (ii) Overseas profits tax has not been provided as the overseas subsidiaries had no taxable income for the period.

- (b) There are no material unrecognized deferred tax assets and liabilities for the period.

5. Loss per share

The calculation of basic loss per share for 9 months ended 30 September 2009 is based on the Group's loss attributable to equity holders of the Company for the period of approximately HK\$7,371,000 (2008: approximately HK\$2,224,000) and on the weighted average number of 2,376,886,447 (2008: 299,000,000) ordinary shares in issue during the period.

A diluted loss per share for the 9 months ended 30 September 2009 and 9 months ended 30 September 2008 has not been disclosed as there is no dilutive shares outstanding during the period.



6. Commitments

(a) Capital commitments

At 30 September 2009, the Group had capital commitments contracted but not provided for in the financial statements as follows:

	Unaudited As at 30 September 2009		2008
Notes	HK\$'000	HK\$'000	
Capital contribution to a joint venture company	4,542	–	

(b) Commitments under operating leases

At 30 September 2009, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Unaudited As at 30 September 2009		2008
	HK\$'000	HK\$'000	
Within one year	6,186	639	
In the second to fifth year inclusive	11,666	117	
	17,852	756	

7. Subsequent events

On 18 October 2009, the Company announced that the placing agreements made between the Company and Wealth Chain Investment Limited, Hua Shun International Investment Group Limited and Winbase Global Investment Limited has lapsed and become null and void since the conditions precedent for completion of the placing of 200,000,000 non-listed warrants of the Company were not fulfilled. Details refer to the Company's announcement dated 18 October 2009.

8. Contingent liabilities

At 30 September 2009, the Group had contingent liability of approximately HK\$10 million in respect of the default of payment of rent arising from the lease of a property by a subsidiary in Hong Kong since September 2009. The amount of this contingent liability has been accounted for in the commitments under operating leases as set in note 6(b) above.



INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period the Group recorded a decline in turnover and an increase in loss attributable to equity shareholders. The result of the subsidiaries was not satisfactory. The turnover was approximately HK\$12,989,000 (2008: approximately HK\$22,998,000), representing a decrease of 43.5% as compared to the same period in last year. The decrease in turnover is mainly due to decrease in market demand since the global economic downturn. Loss attributable to shareholders of the Group for the nine months ended 30 September 2009 was approximately HK\$7,371,000 while loss attributable to shareholders of the Group for the corresponding period in 2008 was approximately HK\$2,224,000.

During the period, the principal businesses of the Group are manufacturing and sale of synthetic sapphire watch crystals and optoelectronics products. However, in light of its poor prospect, the Group decided to invest in the energy-efficient street-lamp markets in the PRC and took successful steps during the period.

The Company entered into a Joint Venture (“JV”) Agreement with Nei Meng Gu Xin Rui Sheng Mao Co. Ltd (內蒙古鑫睿商貿有限公司) (“Xin Rui”) pursuant to which the parties thereto agreed to form a new JV Company, whose equity interest will be owned as to 80% by Xin Rui and as to 20% by the Company.

The JV Company will engage in the 中國綠色道路照明 business, which involves the systematic promotion of selected energy-efficient street lamps, such as High-Frequency Electrode-Less Lamps, to municipalities throughout China, and also of the accelerated replacement of the over 40 million energy-wasting High-Pressure Sodium Street Lamps in China by the selected energy efficient alternatives. The JV Company is expected to sign “Energy-Efficient Street Lamp Replacement and/or Purchasing Agreements” with 12 municipalities, including cities in Hubei, Jiangxi, Sichuan, Shanghai, Anhui, Yunnan, Tibet, Liaoning, Qinghai, and Ningxia.



In additions, the Company entered into the Project Cooperation Agreement with 成都市中錦城市道路照明工程有限公司 (Chengdu City Zhong Jin City Road Lighting Engineering Company Limited) (“Zhong Jin”). Pursuant to the Project Cooperation Agreement, the Company will cooperate with Zhong Jin for the purpose of carrying out energy-efficient city road lighting reform engineering projects in Chengdu City and the other cities in Sichuan Province.

FINANCIAL REVIEW

For the nine months ended 30 September 2009 the Group recorded a turnover of approximately HK\$12,989,000 (2008: approximately HK\$22,998,000). Loss attributable to shareholders of the Group for the nine months ended 30 September 2009 was approximately HK\$7,371,000 while loss attributable to shareholders of the Group for the corresponding period in 2008 was approximately HK\$2,224,000. The loss for the period was mainly due to the decrease in market demand since the global economic downturn.

Operating expenses for the nine months ended 30 September 2009 was approximately HK\$11,568,000 representing an increase of approximately HK\$3,461,000 or 43% for the same period of last year. During the period, the Company disposed all marketable securities and recorded a loss on the disposal of approximately HK\$1,457,000 (2008: Nil).

Sapphire watch crystals division

The turnover of the sapphire watch crystals for the nine months ended 30 September 2009 was approximately HK\$10,761,000 (2008: approximately HK\$19,442,000) representing a decrease of approximately HK\$8,681,000 which was mainly due to the decrease in market demand since the global economic downturn.

Optoelectronics products division

The Group’s optoelectronics products division recorded a turnover of approximately HK\$2,311,000 for the nine months ended 30 September 2009 (2008: approximately HK\$3,556,000) representing a decrease of approximately HK\$1,245,000. Decrease in sales was mainly due to the significant drop in market demand.



Capital Structure

During the period, the Company issued bonus shares to the shareholders of the Company on the basis of 3 bonus shares for every 1 existing issued share held by the shareholders, in total 3,180,000,000 bonus shares was issued. During the period, all convertible bonds were converted into 7,610,000 ordinary shares.

Foreign Exchange

The Group has transactional currency exposures as the sales and purchases of the Group were mainly transacted in United States dollars, Swiss Franc, Chinese Renminbi, Japanese Yen, Euro, New Taiwan dollars and Hong Kong dollars. While the Group does not currently engaged in hedging to manage its currency risk, as it considers the cost associated with such hedging arrangements would exceed the benefits, management will continue to monitor the relevant circumstances and will take such measures as it deem prudent.

Material acquisitions and disposal of subsidiaries and affiliated companies

The Group had no material acquisitions and disposal of subsidiaries and affiliated companies during the period.

Bonus issue of share

The Board proposed the bonus issue to the shareholders of the Company on the basis of 3 bonus shares for every 1 existing issued share held by the shareholders. The proposed issue was approved by shareholders at annual general meeting held on 6th May 2009. Details of the issue were disclosed in the circular of the Company dated 2nd April 2009.



Change of company name

The change of the English name of the Company from “Fast Systems Technology (Holdings) Limited” to “Seamless Green China (Holdings) Limited” and the adoption of the new Chinese name “無縫綠色中國(集團)有限公司” as the Company’s secondary name have become effective on 18th June 2009.

Prospects

Although the China and global economies seem to be recovering, the Board expects the sales from sapphire and optoelectronics distribution division will not be benefited. Accordingly the Board expects production and sales of watches in the fourth quarter of 2009 will remain stable. Nevertheless, the Board will continue to keep its effort on those watches markets that have less competition and controlling its labor and production costs. In addition, in October 2009, the Group was facing an insufficient operating cash flow problem, as the aggregate balance in the bank accounts of the Group as at the end of October 2009 was only approximately HK\$270,000, while the Group has a liability of approximately HK\$25 million. In addition, the Group has a potential contingent liability of approximately HK\$10 million as it has been in default of payment of rent in respect of the lease of a property by the Company as its place of business in Hong Kong since September 2009. The aforesaid lease was for a term of 3 years (with 2 months’ rent-fee period) commencing from 1st July 2009, and the monthly rental together with services charges was approximately HK\$280,000 per month. The issue of insufficient operating cash flow remains unresolved. The Board is still exploring opportunities to raise working capital for the Group in order to maintain the normal operation of the Group’s businesses.

During the period ended 30 September 2009, the Group has taken successful steps in investing in the energy-efficient product market, details are disclosed in the “Business Review” paragraph. The Board believes that this market will be the blue ocean in the world wide business, especially in the PRC. The Board believes that the investment can broaden the Group’s experience in energy-efficient products and environmental protection markets.



The Group will continue its effort in developing its business in the energy-efficient street-lamp markets and has confident that this market will soon contribute cash inflows to the Group.

SHARE OPTION SCHEME

On 21st July 2001, the Company adopted a share option scheme (the “Share Option Scheme”), the principal terms of which are set out in the section headed “Share Option Scheme” in appendix IV to the Company’s prospectus dated 27th July 2001.

Since the number of share options granted by the Company in 18th June 2009 and 2nd July 2009 have exceeded the maximum number of share options that can be granted as prescribed under the rules of the Share Option Scheme, all such share options purported to be granted were invalid and shall be deemed to have been cancelled. None of the aforesaid share options have been exercised by the relevant grantees.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SECURITIES

As at 30th September 2009, the interests and short positions of the Directors and Chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations are as follows:–

Name of director	Capacity	No. of shares	Approximate percentage of total relevant class of shares in shares
Wong Pak Fai Philip	Beneficial owner	370,000	0.01%

As at 30th September 2009, save as disclosed above and the paragraph headed “Share Option Scheme” above, none of the directors and chief executive of the Company has any interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions in which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.



DIRECTORS' RIGHT TO ACQUIRE SHARES

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

SUBSTANTIAL SHAREHOLDER'S INTERESTS IN SECURITIES

As at 30th September 2009, so far as the Directors were aware the persons who had an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name of shareholders	Capacity	Number of shares	Underlying Shares	Percentage of issued shares
Good Capital Resources Limited <i>(Note 1)</i>	Corporate	840,000,000	–	19.81%
Tang Man Lai <i>(Note 1)</i>	Beneficial owner	946,930,000	–	22.33%
JMM Business Network Investments (China) Limited <i>(Note 2)</i>	Corporate	440,000,000	–	10.38%
Zhou Yuan Xin <i>(Note 2)</i>	Beneficial owner	440,000,000	–	10.38%
Chong Wai Moon Joe <i>(Note 3)</i>	Beneficial owner	336,000,000	–	7.92%
Wealth China & HK Growth Fund <i>(Note 3)</i>	Corporate	336,000,000	–	7.92%



Notes:

1. Good Capital Resources Limited, a company incorporated in the British Virgin Islands which is beneficially owned by Tang Man Lai.
2. JMM Business Network Investments (China) Limited is beneficially owned by Zhou Yuan Xin.
3. Mr. Chong Wai Moon Joe is the director and controlling shareholder of Wealth China & HK Growth Fund.
4. The number of shares has been adjusted as result of the consolidation of every ten issued and unissued existing shares into one consolidated share took place on 15th August 2008.

So far as is known to any director or supervisor, there was no person other than a Director or supervisor or chief executive who, as at 30th September 2009, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or would be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other substantial shareholders whose interest or short position were recorded in the register required to be kept by the Company under section 336 of the SFO.



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

Neither the Company nor its subsidiaries has purchased, sold, redeemed or cancelled any of the Company's shares during the nine months ended 30th September 2009.

DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors of the Company have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the period ended 30th September 2009.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICE

For the nine months ended 30th September 2009, the Company fully complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules.

COMPETING INTERESTS

During the nine months ended 30th September 2009, 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.

CONTINUED SUSPENSION OF TRADING

Suspension in the trading of the shares of the Company will continue, pending the release of price sensitive information in relation to, inter alia, the issue of insufficient operating cash flow for maintaining the normal operation of the Group's businesses as mentioned in the Company's announcement issued on 13th November 2009.

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. The audit committee comprises five independent non-executive directors, namely Mr. Liu Chun Ning, Wilfred, Mr. Wong Kwok Wai, Mr. Tsui Siu Hung, Mr. Lee Tao Wai and Mr. Tso Chip.

The Company's financial statements for the nine months ended 30th September 2009 have been reviewed by the audit committee. The audit committee considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the GEM Listing Rules.

By Order of the Board
Chan Chung Keung Jackon
Director

Hong Kong, 4th January 2010

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

- (1) Mr. Chan Chung Keung Jackon, as an Executive Director;
- (2) Mr. Wong Pak Fai Philip, as an Executive Director;
- (3) Mr. Chen Jun Nong, as an Executive Director;
- (4) Mr. Zhao Wen Tao, as an Executive Director;
- (5) Mr. Chung Ming Tru, Daniel, as an Executive Director;
- (6) Mr. Williamson Lam, as an Executive Director;
- (7) Mr. Mak Kai Chun, Kevin, as an Executive Director;
- (8) Mr. Gao Zhiwei, as an Executive Director;
- (9) Mr. Liu Chun Ning, Wilfred, as an Independent Non-executive Director;
- (10) Mr. Wong Kwok Wai, as an Independent Non-executive Director;
- (11) Mr. Tsui Siu Hung, as an Independent Non-executive Director;
- (12) Mr. Tso Chip, as an Independent Non-executive Director; and
- (13) Mr. Lee Tao Wai, as an Independent Non-executive Director.