



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



First Quarterly Report 2010



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

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

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

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This report, for which the directors of Seamless Green China (Holdings) Limited (the “Company”) 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\$8,195,000 for the three months ended 31 March 2010.
2. The Group has recorded a net profit attributable to owners of the Company for the three months ended 31 March 2010 of approximately HK\$83,000, representing a basic earnings per share of HK cents 0.002.
3. The directors do not recommend the payment of a dividend for the three months ended 31 March 2010.

QUARTERLY RESULTS (UNAUDITED)

The Board of Directors (the "Board") of Seamless Green China (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 three months ended 31 March 2010 together with the unaudited comparative figures for the corresponding period in 2009, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	<i>Note</i>	Three months ended	
		2010	2009
		HK\$'000	HK\$'000
Turnover	2	8,195	4,964
Cost of sales		<u>(5,805)</u>	<u>(3,971)</u>
Gross profit		2,390	993
Other revenue		52	7
Gain on disposal of subsidiaries		447	–
Loss on disposal of marketable securities		–	(1,457)
Operating expenses			
Selling and distribution costs		(22)	(250)
Administrative and other operating expenses		<u>(2,784)</u>	<u>(2,031)</u>



		Three months ended	
		31 March	
		2010	2009
	<i>Note</i>	HK\$'000	HK\$'000
Operating profit/(loss)		83	(2,738)
Finance costs		<u>–</u>	<u>(158)</u>
Profit/(loss) before taxation		83	(2,896)
Income tax expense	3	<u>–</u>	<u>(84)</u>
Profit/(loss) for the quarter		83	(2,980)
Other comprehensive income:			
Exchange differences on translating foreign operations		<u>(43)</u>	<u>(159)</u>
Total comprehensive income for the quarter		<u>40</u>	<u>(3,139)</u>
Profit/(loss) attributable to owners of the Company		<u>83</u>	<u>(2,980)</u>
Total comprehensive income attributable to owners of the Company		<u>40</u>	<u>(3,139)</u>
Earnings/(loss) per share			
Basic – for the quarter	4	<u>0.002 cents</u>	<u>(0.614 cents)</u>
Diluted – for the quarter		<u>0.002 cents</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)*For the three months ended 31 March 2010*

	Share capital HK\$'000	Share premium reserve HK\$'000	Exchange reserve HK\$'000	Convertible bonds reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 January 2009	299	3,948	3,097	3,559	(10,187)	716
Loss for the quarter	-	-	-	-	(2,980)	(2,980)
Exchange difference on translation of the financial statements of foreign subsidiaries	-	-	(159)	-	-	(159)
Total comprehensive income for the quarter	-	-	(159)	-	(2,980)	(3,139)
Convertible bonds converted into shares	351	3,258	-	(1,642)	-	1,967
As at 31 March 2009	<u>650</u>	<u>7,206</u>	<u>2,938</u>	<u>1,917</u>	<u>(13,167)</u>	<u>(456)</u>
As at 1 January 2010	4,240	7,985	1,504	-	(13,268)	461
Profit for the quarter	-	-	-	-	83	83
Exchange difference on translation of the financial statements of foreign subsidiaries	-	-	(43)	-	-	(43)
Total comprehensive income for the quarter	-	-	(43)	-	83	40
As at 31 March 2010	<u>4,240</u>	<u>7,985</u>	<u>1,461</u>	<u>-</u>	<u>(13,185)</u>	<u>501</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 2009. 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 2010. 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 for certain changes on the presentation of the consolidated accounts.

2. Turnover

The Group's turnover represents the net invoiced value of goods sold, after allowances for returns, trade discounts and sale related tax during the period.

3. Income tax expense

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

	Note	Three months ended	
		31 March	
		2010	2009
		HK\$'000	HK\$'000
Hong Kong profits tax	(i)	–	84
Overseas profits tax	(ii)	–	–
		<u>–</u>	<u>–</u>
		<u>–</u>	<u>84</u>

Notes:

- (i) No provision for Hong Kong profits tax has been made as the companies within the Group operating in Hong Kong has losses brought forward to offset against profit made in the period (2009:16.5%).
- (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.

4. Earnings/(loss) per share

The calculation of basic earnings per share for 3 months ended 31 March 2010 is based on the Group's profit attributable to owners of the Company for the period of approximately HK\$83,000 (2009: loss of approximately HK\$2,980,000) and on the weighted average number of 4,240,000,000 (2009: 485,111,111) ordinary shares in issue during the period.

As there are no diluted potential ordinary shares outstanding for 3 months ended 31 March 2010, the diluted earnings per share for the period ended 31 March 2010 is the same as the basis earnings per share. For the 3 months ended 31 March 2009 diluted loss per share has not been disclosed as the potential shares arising from the exercise and conversion of the Company's share options and convertible bonds would decrease the loss per share of the Group for the period and is regarded as anti-dilutive.



INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2010 (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period the Group recorded an increase in turnover and profits attributable to equity shareholders. The result of the subsidiaries was satisfactory. The turnover was approximately HK\$8,195,000 (2009: approximately HK\$4,964,000), representing an increase of 65.1% as compared to the same period in last year. The increase in turnover is mainly due to increase in market demand after the recovery of the global economy. Profit attributable to shareholders of the Group for the three months ended 31 March 2010 was approximately HK\$83,000 while loss attributable to shareholders of the Group for the corresponding period in 2009 was approximately HK\$2,980,000.

During the period, the principal businesses of the Group are manufacturing and sale of synthetic sapphire watch crystals and optoelectronics products.


In order to expedite the process in the investment in the energy-efficient street-lamp markets in the People's Republic of China ("PRC"). On 23 March 2010, the Company entered into a Supplementary Agreement with Nei Meng Gu Xin Rui Sheng Mao Company Limited (內蒙古鑫睿商貿有限公司) ("Xin Rui") to amend the terms of the Joint Venture Agreement previously signed with Xin Rui. Details of the terms of the Supplementary Agreement were set out in the Announcement issued by the Company on 26 March 2010.

FINANCIAL REVIEW

The Group's unaudited consolidated turnover for the three months ended 31 March 2010 was approximately HK\$8,195,000 representing an increase of approximately HK\$3,231,000 or 65.1% for the same period of last year. Increase in turnover was also mainly due to the market demand become recover from the global economic downturn.

Sapphire watch crystals division

The turnover of the sapphire watch crystals for the three months ended 31 March 2010 was approximately HK\$6,890,000 (2009: approximately HK\$4,611,000) representing increase of approximately HK\$2,279,000 which was mainly due to significant increase in the market demand after the recovery of the global economy.



Optoelectronics products division

The Group's optoelectronics products division recorded a turnover of approximately HK\$1,305,000 for the three months ended 31 March 2010 (2009: approximately HK\$353,000) representing an increase of approximately HK\$952,000. Increase in sales was mainly due to the market demand become recover from the global economic downturn.

Operating expenses for the three months ended 31 March 2010 was approximately HK\$2,806,000 representing an increase of approximately HK\$525,000 or 23% for the same period of last year. Increase in operating expenses was mainly due to increase in legal and professional fee.

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 engage 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

During the period, the Group disposed of subsidiaries which resulted in a gain of approximately HK\$447,000.

Save as disclosed elsewhere in this report, the Group had no material acquisitions and disposal of subsidiaries and affiliated companies during the period.

Prospects

During the period ended 31 March 2010, the Group has strengthened its investment plan 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 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 21 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 27 July 2001.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SECURITIES

As at 31 March 2010, 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 31 March 2010, 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 31 March 2010, 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 <i>(note 4)</i>
Good Capital Resources Limited <i>(Note 1)</i>	Corporate	840,000,000	–	19.81%
Tang Man Lai <i>(Note 1)</i>	Beneficial owner	840,150,000	–	19.81%
JMM Business Network Investments (China) Limited	Corporate	440,000,000	–	10.38%
iReady360 Media Networks Limited <i>(Note 2)</i>	Corporate	760,140,000	–	17.92%
Ng Wai Lok, Raylot <i>(Note 2)</i>	Beneficial owner	760,140,000	–	17.92%
Evening Triumph Holdings Limited <i>(Note 3)</i>	Corporate	440,000,000	–	10.38%
Kwok Sze Nga <i>(Note 3)</i>	Beneficial owner	440,000,000	–	10.38%

Notes:

1. Good Capital Resources Limited, a company incorporated in the British Virgin Islands which is beneficially owned by Tang Man Lai.
2. Mr. Ng Wai Lok, Raylot is the controlling shareholder of iReady360 Media Networks Limited.
3. Miss Kwok Sze Nga is the controlling shareholder of Evening Triumph Holdings Limited.
4. The percentage is calculated based on 4,240,000,000.



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 31 March 2010, 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 three months ended 31 March 2010.

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 31 March 2010.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICE

For the three months ended 31 March 2010, 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 three months ended 31 March 2010, 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 13 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 four independent non-executive directors, namely Mr. Liu Chun Ning, Wilfred, Mr. Tsui Siu Hung, Mr. Lee Tao Wai and Mr. Tso Chip.

The Company's financial statements for the three months ended 31 March 2010 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
Chairman

Hong Kong, 14 May 2010

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

- (1) Mr. Chan Chung Keung Jackon, as an executive director;
- (2) Mr. Wong Kwok Wai, as an executive director;
- (3) Mr. Zhao Wen Tao, as an executive director;
- (4) Mr. Chung Ming Tru Daniel, as an executive director;
- (5) Ms. Chan Yim Kum, as an executive director;
- (6) Mr. Wong Pak Fai Philip, as an executive director;
- (7) Mr. Liu Chun Ning Wilfred, as an independent non-executive director;
- (8) Mr. Tsui Siu Hung, as an independent non-executive director;
- (9) Mr. Tso Chip, as an independent non-executive director; and
- (10) Mr. Lee Tao Wai, as an independent non-executive director.