



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 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 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



## HIGHLIGHTS

1. The Group has recorded total turnover of approximately HK\$23,307,000 for the nine months ended 30 September 2010.
2. The Group has recorded a net loss attributable to shareholders for the nine months ended 30 September 2010 of approximately HK\$2,409,000, representing a basic loss per share of HK\$2.84 cents.
3. The directors do not recommend the payment of a dividend for the nine months ended 30 September 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 nine months ended 30 September 2010 together with the unaudited comparative figures for the corresponding period in 2009, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	<i>Notes</i>	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Turnover	2	<b>6,553</b>	4,166	<b>23,307</b>	12,989
Cost of sales		<b>(6,179)</b>	(3,655)	<b>(17,034)</b>	(10,709)
Gross profit		<b>374</b>	511	<b>6,273</b>	2,280
Other revenue		<b>46</b>	74	<b>555</b>	2,191
Loss on disposal of marketable securities		–	–	–	(1,457)
Operating expenses					
Distribution costs		<b>(638)</b>	(130)	<b>(1,501)</b>	(517)
Administrative and other operating expenses		<b>(1,989)</b>	(3,963)	<b>(7,736)</b>	(9,594)
Operating loss		<b>(2,207)</b>	(3,508)	<b>(2,409)</b>	(7,097)
Finance costs		–	–	–	(190)



	Notes	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Loss before tax		<b>(2,207)</b>	(3,508)	<b>(2,409)</b>	(7,287)
Income tax	3	<u>–</u>	<u>–</u>	<u>–</u>	<u>(84)</u>
Loss for the period		<b>(2,207)</b>	(3,508)	<b>(2,409)</b>	(7,371)
Other comprehensive income:					
Exchange differences on translating foreign operations		<u>247</u>	<u>891</u>	<u>1,240</u>	<u>729</u>
Total comprehensive income for the period		<u><b>(1,960)</b></u>	<u>(2,617)</u>	<u><b>(1,169)</b></u>	<u>(6,642)</u>
Loss attributable to owners of the Company		<u><b>(2,207)</b></u>	<u>(3,508)</u>	<u><b>(2,409)</b></u>	<u>(7,371)</u>
Total comprehensive income attributable to owners of the Company		<u><b>(1,960)</b></u>	<u>(2,617)</u>	<u><b>(1,169)</b></u>	<u>(6,642)</u>
Loss per share	4				
Basic (in HK cents)		<u><b>(2.6) cent</b></u>	<u>(7.38) cent</u>	<u><b>(2.84) cent</b></u>	<u>(15.51) cent</u>
Diluted (in HK cents)		<u><b>N/A</b></u>	<u>N/A</u>	<u><b>N/A</b></u>	<u>N/A</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)***For the nine months ended 30 September 2010*

	Share capital	Share premium	Exchange reserve	Convertible bonds reserve	Accumulated loss	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2010	4,240	7,985	1,504	-	(13,268)	461
Total comprehensive income for the period	-	-	1,240	-	(2,409)	(1,169)
At 30 September 2010	<u>4,240</u>	<u>7,985</u>	<u>2,744</u>	<u>-</u>	<u>(15,677)</u>	<u>(708)</u>
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>(17,558)</u>	<u>(1,659)</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 certain changes on the presentation of the consolidated accounts.

### 2. Turnover

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

### 3. Income tax

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

	<i>Notes</i>	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Hong Kong profit tax	(i)	–	–	–	84
Overseas taxation	(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 have 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. Loss per share**

The calculation of the basic loss per share is based on the loss attributable to owners of the Company for the nine months ended 30 September 2010 of approximately HK\$2,409,000 (2009: loss attributable to owners of the Company of approximately HK\$7,371,000) and the weighted average of 84,800,000 shares in issue during the nine months ended 30 September 2010 (2009: 47,537,728 shares, as adjusted for share consolidation). The comparative figure of basic loss per share for the nine months ended 30 September 2009 had been re-calculated to reflect the share consolidation taken place on 13 October 2010.

A diluted loss per share for the nine months ended 30 September 2010 and nine months ended 30 September 2009 has not been disclosed as there are no dilutive shares outstanding during the period.

**5. Commitments****(a) Capital commitments**

At 30 September 2010, the Group had capital commitments contracted but not provided for in the financial statements as follows:

	<b>Unaudited</b>	
	<b>As at 30 September</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Capital contribution to a joint venture company	<b>4,639</b>	4,542

**(b) Commitments under operating leases**

At 30 September 2010, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	<b>Unaudited</b>	
	<b>As at 30 September</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>681</b>	6,186
In the second to fifth year inclusive	<b>454</b>	11,666
	<b>1,135</b>	17,852

**6. Subsequent events**

(a) On 25 August 2010, the Company announced an open offer proposal to raise approximately HK\$20 million before expenses, by way of issuing 1,995,294,112 offer shares at the subscription price of HK\$0.01 per offer share on the basis of eight offer shares for every seventeen shares held. All subscription monies for the open offer were received by the Company on 11 October 2010.

(b) Pursuant to the resolution passed by the shareholders at the special general meeting of the company on 6 October 2010, every fifty issued shares of HK\$0.001 each was consolidated into one consolidated share of HK\$0.05 each effective from 13 October 2010.

As at the date of this report, the total number of shares in issue is 124,705,882 after the consolidation and open offer.

(c) The Company resumed its trading on the Stock Exchange of Hong Kong Limited on 14 October 2010.

**7. Contingent liabilities**

At 30 September 2010, the Group had no material contingent liabilities (30 September 2009: Nil).



## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2010 (2009: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

During the period the Group recorded an increase in turnover and a decrease in loss attributable to owners of the Company. The turnover was approximately HK\$23,307,000 (2009: approximately HK\$12,989,000), representing an increase of 79.4% as compared to the same period in last year. The increase in turnover is mainly due to the market recovery in the watch sector as compared to last year. Loss attributable to owners of the Company for the nine months ended 30 September 2010 was approximately HK\$2,409,000 while loss attributable to owners of the Company for the corresponding period in 2009 was approximately HK\$7,371,000.

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**

For the nine months ended 30 September 2010 the Group recorded a turnover of approximately HK\$23,307,000 (2009: approximately HK\$12,989,000). Loss attributable to owners of the Company for the nine months ended 30 September 2010 was approximately HK\$2,409,000 while loss attributable to owners of the Company for the corresponding period in 2009 was approximately HK\$7,371,000.

Operating expenses for the nine months ended 30 September 2010 was approximately HK\$9,237,000 representing a decrease of approximately HK\$874,000 or 8.64%% for the same period of last year.



### **Sapphire watch crystals division**

The turnover of the sapphire watch crystals for the nine months ended 30 September 2010 was approximately HK\$19,830,000 (2009: approximately HK\$10,761,000) representing an increase of approximately HK\$9,069,000.

### **Optoelectronics products division**

The Group's optoelectronics products division recorded a turnover of approximately HK\$3,476,000 for the nine months ended 30 September 2010 (2009: approximately HK\$2,311,000) representing an increase of approximately HK\$1,165,000.

### **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**

In the United States, the Federal Reserve had just announced a new round of quantitative easing, more commonly named as "QE2". It is expected that it will create a pressure for currencies appreciation around the globe. The RMB's possible further appreciation, coupled with the local inflationary pressures might further had an impart on the production costs, such as the labour costs and the costs of raw materials.

Under such unfavourable market economic condition, the Group will continue to be very cautions and to monitor the market and the operations of the Group very closely and to explore opportunities and measures to reduce manufacturing costs during such difficult times.



In the meantime, with the lead of our management team, the Company is actively exploring for business opportunities in other sector to diversify risk and broaden the sources of income of the Group. The Group 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.

During the period ended 30 September 2010, the Group has strengthened its investment plan in the energy-efficient product market, details were disclosed in the “Business Review” paragraph of this report. 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 contribute cash inflows to the Group.

## **OPEN OFFER**

On 25 August 2010, the Company announced an open offer proposal to raise approximately HK\$20 million before expenses, by way of issuing 1,995,294,112 offer shares at the subscription price of HK\$0.01 per offer share on the basis of eight offer shares for every seventeen shares held. All subscription monies for the open offer were received by the Company on 11 October 2010.

## **SHARE CONSOLIDATION**

Pursuant to the resolution passed by the shareholders at the special general meeting of the company on 6 October 2010, every fifty issued shares of HK\$0.001 each was consolidated into one consolidated share of HK\$0.05 each effective from 13 October 2010.

As at the date of this report, the total number of shares in issue is 124,705,882 after the consolidation and open offer.

## **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 30 September 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 directors	Capacity	No. of shares	Long/Short position	Approximate percentage of total relevant class of shares in shares
Wong Pak Fai Philip	Beneficial owner	370,000	Long position	0.01%
Tang Man Lai	Beneficial owner and interest in a controlled corporation	840,150,000	Long position	19.81%
	Interest in a controlled corporation	840,000,000	Short position	19.81%

As at 30 September 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 SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 September 2010, so far as the Directors are aware the persons who have 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, are as follows:

Name of shareholders	Capacity	Number of shares	Underlying Shares	Long/Short position	Percentage of issued shares (Note 6)
Good Capital Resources Limited (Notes 1 & 7)	Beneficial owner	840,000,000	–	Long position	19.81%
	Beneficial owner	840,000,000	–	Short position	19.81%
Tang Man Lai (Note 1)	Beneficial owner and interest in a controlled corporation	840,150,000	–	Long position	19.81%
	Interest in a controlled corporation	840,000,000	–	Short position	19.81%
Sun Finance Company Limited (Note 2)	Security interest	940,000,000	–	Long position	22.17%



Name of shareholders	Capacity	Number of shares	Underlying Shares	Long/Short position	Percentage of issued shares (Note 6)
Sino Harvest Investments Holdings Limited (Note 3)	Interest in a controlled corporation	940,000,000	–	Long position	22.17%
Cheng Ting Kong	Interest in a controlled corporation	940,000,000	–	Long position	22.17%
Chau Cheok Wa	Interest in a controlled corporation	940,000,000	–	Long position	22.17%
JMM Business Network Investments (China) Limited (Note 7)	Beneficial owner	440,000,000	–	Long position	10.38%
iReady360 Media Networks Limited (Notes 4 & 7)	Beneficial owner	760,140,000	–	Long position	17.92%
Ng Wai Lok, Raylot (Notes 4 & 7)	Interest in a controlled corporation	760,140,000	–	Long position	17.92%
Evening Triumph Holdings Limited (Notes 5 & 7)	Beneficial owner	440,000,000	–	Long position	10.38%
Kwok Sze Nga (Notes 5 & 7)	Interest in a controlled corporation	440,000,000	–	Long position	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. Sun Finance Company Limited is wholly owned by Sino Harvest Investments Holdings Limited.
3. Sino Harvest Investments Holdings Limited is owned as to 50% by Cheng Ting Kong and 50% by Chau Cheok Wa.



4. Mr. Ng Wai Lok, Raylot is the controlling shareholder of iReady360 Media Networks Limited.
5. Miss Kwok Sze Nga is the controlling shareholder of Evening Triumph Holdings Limited
6. The percentage is calculated based on 4,240,000,000 shares.
7. Pursuant to the order granted by the High Court of Hong Kong on 8th December 2009, JMM Business Network Investments (China) Limited, iReady360 Media Networks Limited, Evening Triumph Holdings Limited, Mr. Ng Wai Lok, Raylot (as the controlling shareholder of iReady360 Media Networks Limited) and Miss Kwok Sze Nga (as the controlling shareholder of Evening Triumph Holdings Limited) are restrained and prohibited, until further order of the court, from exercising any voting right in and from disposing of, selling, transferring, mortgaging, assigning, charging or otherwise dealing with any of the ordinary shares of the Company registered in the name of JMM Business Network Investments (China) Limited, iReady360 Media Networks Limited and Evening Triumph Holdings Limited except in accordance with the instructions or consent of Good Capital Resources Limited.

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 30 September 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 nine months ended 30 September 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 30 September 2010.



## **COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICE**

For the nine months ended 30 September 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 nine months ended 30 September 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.

## **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 nine months ended 30 September 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.

## **RESUMPTION OF TRADING**

The Company resumed its trading on the Stock Exchange of Hong Kong Limited on 14 October 2010.

By Order of the Board  
**Chan Chung Keung Jackson**  
*Chairman*

Hong Kong, 12 November 2010





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

- (1) Mr. Chan Chung Keung Jackson, 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) Ms. Tang Man Lai, as an executive director;
- (8) Mr. Liu Chun Ning Wilfred, as an independent non-executive director;
- (9) Mr. Tsui Siu Hung, as an independent non-executive director;
- (10) Mr. Tso Chip, as an independent non-executive director; and
- (11) Mr. Lee Tao Wai, as an independent non-executive director.