



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

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

Stock Code: 8150



First Quarterly Report 2013



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.

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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

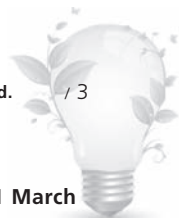
1. The Group has recorded total turnover of approximately HK\$5,509,000 for the three months ended 31 March 2013.
2. The Group has recorded a net loss attributable to owners of the Company for the three months ended 31 March 2013 of approximately HK\$7,708,000, representing a basic loss per share of HK cents 2.2.
3. The directors do not recommend the payment of a dividend for the three months ended 31 March 2013.

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 2013 together with the unaudited comparative figures for the corresponding period in 2012, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	<i>Note</i>	Three months ended 31 March	
		2013 HK\$'000	2012 HK\$'000
Turnover	2	5,509	8,481
Cost of sales		<u>(5,305)</u>	<u>(6,867)</u>
Gross profit		204	1,614
Other income and gains		202	103
Gain on disposal of subsidiaries		–	524
Operating expenses			
Selling and distribution costs		(142)	(520)
Administrative and other operating expenses		<u>(6,803)</u>	<u>(17,170)</u>



		Three months ended 31 March	
		2013	2012
		HK\$'000	HK\$'000
	<i>Note</i>		
Operating loss		(6,539)	(15,449)
Share of losses of associates		(53)	–
Finance costs		(1,116)	(25)
		<hr/>	<hr/>
Loss before taxation		(7,708)	(15,474)
Income tax expense	3	–	(18)
		<hr/>	<hr/>
Loss for the quarter		(7,708)	(15,492)
Other comprehensive income:			
Exchange differences on translating foreign operations		503	–
		<hr/>	<hr/>
Total comprehensive expense for the quarter		(7,205)	(15,492)
		<hr/> <hr/>	<hr/> <hr/>
Loss attributable to equity shareholders of the Company		(7,708)	(15,492)
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive expense attributable to equity shareholders of the Company		(7,205)	(15,492)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share	4		
Basic – for the quarter		(2.2 cents)	(7.06 cents)
		<hr/> <hr/>	<hr/> <hr/>
Diluted – for the quarter		N/A	N/A
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)*For the three months ended 31 March 2013*

	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
As at 1 January 2013	17,282	160,639	535	250	2,578	1,351	(131,790)	50,845
Loss for the quarter	-	-	-	-	-	-	(7,708)	(7,708)
Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	-	-	503	-	-	503
Total comprehensive (expense)/income for the quarter	-	-	-	-	503	-	(7,708)	(7,205)
Issue of shares:-								
- option exercised	587	3,140	-	-	-	(746)	-	2,981
- warrants exercised	120	1,944	-	(120)	-	-	-	1,944
As at 31 March 2013	<u>17,989</u>	<u>165,723</u>	<u>535</u>	<u>130</u>	<u>3,081</u>	<u>605</u>	<u>(139,498)</u>	<u>48,565</u>
As at 1 January 2012	10,587	107,366	535	-	2,665	307	(75,195)	46,265
Loss for the quarter	-	-	-	-	-	-	(15,492)	(15,492)
Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	-	-	-	-	-	-
Total comprehensive expense for the quarter	-	-	-	-	-	-	(15,492)	(15,492)
Issue of warrants	-	-	-	1,400	-	-	-	1,400
Recognition of equity-settled share-based payments	-	-	-	-	-	1,767	-	1,767
Issue of shares:-								
- warrants exercised	1,150	18,630	-	(1,150)	-	-	-	18,630
As at 31 March 2012	<u>11,737</u>	<u>125,996</u>	<u>535</u>	<u>250</u>	<u>2,665</u>	<u>2,074</u>	<u>(90,687)</u>	<u>52,570</u>



NOTES TO FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

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

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 2012. 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 2013. 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.

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:

		Three months ended 31 March	
	<i>Note</i>	2013	2012
		HK\$'000	HK\$'000
Hong Kong profits tax	<i>(i)</i>	–	18
Overseas profits tax	<i>(ii)</i>	–	–
		<u>–</u>	<u>–</u>
		<u>–</u>	<u>18</u>

Notes:

- (i) Hong Kong profits tax has been provided for in the financial statements at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong in the period.
- (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 for the period.

4. Loss per share

The calculation of basic loss per share for three months ended 31 March 2013 is based on the Group's loss attributable to equity shareholders of the Company for the period of approximately HK\$7,708,000 (2012: approximately HK\$15,492,000) and on the weighted average number of 350,364,134 (2012: 219,415,839).

For three months ended 31 March 2013 and 2012 diluted loss per share has not been disclosed as the potential shares arising from the exercise of the Company's share options and warrants would decrease the loss per share of the Group for the period and is regarded as anti-dilutive.

5. Commitments

(a) Capital commitments

At 31 March 2013, the Group had capital commitments contracted but not provided for in the financial statements as follows:

	Unaudited As at 31 March	
	2013	2012
	HK\$'000	HK\$'000
Proposed acquisition of subsidiaries	—	15,000
	<u>—</u>	<u>15,000</u>
	<u><u>—</u></u>	<u><u>15,000</u></u>



(b) Commitments under operating leases

At 31 March 2013, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Unaudited	
	31 March	
	2013	2012
	HK\$'000	HK\$'000
Within one year	234	113
In the second to fifth year inclusive	233	–
	467	113

6. Contingent liabilities

At 31 March 2013, the Group had no material contingent liabilities (31 March 2012: Nil).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2013 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period the Group recorded a decrease in turnover as compared to previous corresponding period. The Group narrowed loss attributable to equity shareholders of the Company for the three months ended 31 March 2013 as compared to the corresponding period in 2012. The turnover was approximately HK\$5,509,000 (2012: approximately HK\$8,481,000), representing a decrease of 35% as compared to the same period in last year. The decrease in turnover was mainly due to the decrease in market demand in the watch sector as compared to last year. Loss attributable to equity shareholders of the Company for the three months ended 31 March 2013 was approximately HK\$7,708,000 (2012: approximately HK\$15,492,000).

During the period, the Company was 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, and integrated circuits and software tracking and development.

On 23 January 2013, Silver Bonus Limited, a wholly owned subsidiary of the Company 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 was 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 to 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 was satisfied by the issue of promissory note.

On 28 March 2013, owing to certain conditions were not fulfilled, all parties agreed to terminate the agreements in relation to the proposed acquisition of approximately 25% shareholding in Beaming Enterprises Limited without any claims or liability with effect from 28 March 2013.

CAPITAL STRUCTURE

On 5 March 2013, a warrant placing agreement was entered between the Company and a placing agent to procure not less than six placees to subscribe for 64,130,329 warrants at issue price of HK\$0.01 per warrant. The subscription price of the aforesaid warrants is HK\$0.53 each. The placing was completed on 17 April 2013.

On 22 March 2013, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Company agreed to issue and the Subscriber agreed to subscribe for, and aggregate of 5,000,000 Subscription Shares at the Subscription Price of HK\$0.70 per Share.

During the period, 11,737,459 ordinary shares of HK\$0.05 were issued in respect of the exercise of share option by employees under the share option scheme.

During the period, 2,400,000 ordinary shares of HK\$0.05 were issued in respect of the exercise of warrants.

LITIGATION

On 10 May 2013, a writ of summons was issued and filed on 9 May 2013 in the High Court of Hong Kong by Tam Wing Yuen, Chim Ching Ching and Lu Lijuan (collectively, the "Claimants") against the Company for claiming the sums in the aggregate amount of approximately HK\$7.2 million (the "Claims"), being the principal sums and interest accrued thereon of the promissory notes issued by the Company and held by the Claimants.

The Board is taking the advice from the Company's legal advisor on dealing with the Claims and will issue further announcement when necessary.



FINANCIAL REVIEW

The Group's unaudited consolidated turnover for the three months ended 31 March 2013 was approximately HK\$5,509,000, representing a decrease of approximately HK\$2,972,000 or 35% for the same period of last year. Decrease in turnover was mainly due to the decrease in market demand.

Operating expenses for the three months ended 31 March 2013 were approximately HK\$6,803,000 representing a decrease of approximately HK\$10,367,000 or 60.4% for the same period of last year. Decrease in operating expenses was mainly due to the decrease in legal and professional fee and staff costs during the period.

Sapphire watch crystals division

The turnover of the sapphire watch crystals for the three months ended 31 March 2013 was approximately HK\$4,639,000 (2012: approximately HK\$7,077,000) representing a decrease of approximately HK\$2,438,000 which was mainly due to decrease in the market demand.

Optoelectronics products division

The Group's optoelectronics products division recorded a turnover of approximately HK\$116,000 for the three months ended 31 March 2013 (2012: approximately HK\$581,000) representing a decrease of approximately HK\$465,000. Decrease in sales was mainly due to decrease in market demand.

Liquor products division

No turnover was recorded for the three months ended 31 March 2013 (2012: Nil).

Integrated circuits and embedded software trading and development division

The Group recorded a turnover of approximately HK\$754,000 for the three months ended 31 March 2013 (2012: HK\$351,000).



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, Euro, New Taiwan dollars and Hong Kong dollars. While the Group is 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

During the period, the Group acquired 28% issued share capital of Neo Partner Investments Limited where the consideration was to HK\$23,800,000 and was satisfied by cash and the issue of promissory note. The Group also acquired 45% issued share capital of Full Pace Holdings Limited where consideration was HK\$50,000,000 and was satisfied by the issue of promissory note.

Save as above, the Group had no material acquisitions and disposal of subsidiaries and affiliated companies.

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 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.



SHARE OPTION SCHEME

Under the share option scheme (“New scheme”) adopted by the Company in 8 March 2011, the board of directors of the Company may grant options to eligible full-time or part-time employees (including any executive, non-executive and independent non-executive directors), supplier, customer, shareholder and adviser or consultant of any members of the Group and any person or entity that provides research, development or other technological support to any members of the Group. The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme shall not in aggregate exceed 10% of the total number of shares of the Company in issue on the adoption date of the New Scheme. The maximum number of shares of the Company in respect of which share options may be granted under the New Scheme and any other schemes of the Company must not, in aggregate, exceed 30 per cent of the total number of shares in issue from time to time. The total number of shares to be issued upon exercise of the options granted to each eligible person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue. The exercise price (subscription price) shall be such price as determined by the board of directors in its absolute discretion at the time of the making of the offer but in any case the exercise price shall not be lower than the highest of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheets on the offer date; (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share.

Details of options granted are as follows:

Options type	Date of grant	Exercisable period	Exercise price	Fair value at grant date	Remaining contractual life of options
2011	24/3/2011	24/3/2011 to 23/3/2021	HK\$1.45	HK\$0.7246	8 years
2012	24/8/2012	24/8/2012 – 23/8/2022	HK\$0.254	HK\$0.0635	10 years



The following table discloses movements of the Company's share options held by employees and directors during the period ended 31 March 2013:

Participant	Date of grant	Exercise price HK\$	Exercise period	Number of options ('000)					At 31/3/2013
				Granted	Exercised	Cancelled	Lapsed	Redescribed	
				At 1/1/2013	during the period	during the period	during the period	during the period	
Directors	-	-	-	-	-	-	-	-	-
Employees	24/3/2011	1.450	24/3/2011 – 23/3/2012	400,000	-	-	-	-	400,000
	24/8/2012	0.254	24/8/2012 – 23/8/2012	16,432,441	-	11,737,459	-	-	4,694,982
				<u>16,832,441</u>	<u>-</u>	<u>11,737,459</u>	<u>-</u>	<u>-</u>	<u>5,094,982</u>

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 March 2013, save as disclosed in 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 2013, 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 <i>(Note 1)</i>
Cai Rui	Beneficial owner	20,510,000	-	Long Position	5.70%
Fang Rongzi	Beneficial owner	48,160,000	-	Long Position	13.39%

Notes:

- The percentage is calculated based on 359,789,107 shares in issue as at 31 March 2013.

So far as is known to any director or supervisor, there is no person other than a Director or supervisor or chief executive who, as at 31 March 2013, have 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 will 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.

MANAGEMENT SHAREHOLDERS' INTERESTS IN SECURITIES

Other than the interests disclosed above in respect of the substantial shareholders, the directors and chief executive of the Company and their associates (as defined in the GEM Listing Rules), as at 31 March 2013, no other person is individually and/or collectively entitled to exercise or control the exercise of five per cent or more of the voting power at the general meetings of the Company and are able, as a practicable manner, to direct or influence the management of the Company.



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 2013.

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 2013.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICE

For the three months ended 31 March 2013, 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 2013, 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. As at the date of this report, the audit committee comprises three independent non-executive directors, namely Mr. Jal Nadirshaw Karbhari (Chairman), Mr. Leung Wah and Ms. Chan Sze Man.



The Company's financial statements for the three months ended 31 March 2013 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

Li Jian Chao

Chairman

Hong Kong, 15 May 2013

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

- (1) Mr. Li Jian Chao, as an executive Director and Chairman;
- (2) Mr. Xu Xuefeng, as an executive Director;
- (3) Mr. Ho Chun Kit Gregory, as an executive Director;
- (4) Mr. Jal Nadirshaw Karbhari, as an independent non-executive Director;
- (5) Ms. Chan Sze Man, as an independent non-executive Director; and
- (6) Mr. Leung Wah, as an independent non-executive Director.