



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

(Incorporated in the Cayman Islands and re-domiciled and continued in Bermuda with limited liability)
Stock Code: 8150



FIRST QUARTERLY REPORT
2017

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

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 of the Stock Exchange 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” and the “Directors”, respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (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, 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 revenue of approximately HK\$245,000 for the three months ended 31 March 2017.
2. The Group has recorded a net loss attributable to owners of the Company for the three months ended 31 March 2017 of approximately HK\$2,756,000, representing a basic loss per share of HK cent 0.21.
3. The Board has resolved not to declare the payment of a dividend for the three months ended 31 March 2017.

QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the “Board”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 March 2017 (the “Period”) together with the relevant comparative unaudited figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

	Notes	Three months ended 31 March	
		2017 HK\$'000	2016 HK\$'000
Revenue	2	245	2,187
Cost of sales		(209)	(1,945)
Gross profit/(loss)		36	242
Other income and gains		156	706
Selling and distribution costs		(40)	(73)
Administrative and other operating expenses		(2,908)	(3,460)
(Loss)/profit from operations		(2,756)	(2,585)
Share of profit of associates		-	50
Finance costs		-	-
Loss before taxation		(2,756)	(2,535)
Income tax expense	3	-	-
Loss for the period		(2,756)	(2,535)
Other comprehensive income after tax			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign subsidiaries		468	407
Change in fair value of available-for-sale financial assets		-	(51)
Other comprehensive income for the period, net of tax		468	356
Total comprehensive income for the period		(2,288)	(2,179)
Loss attributable to owners of the Company		(2,756)	(2,535)
Total comprehensive income attributable to owners of the Company		(2,288)	(2,179)
Loss per share attributable to the owners of the Company	5		
Basic – for the quarter		(0.21 cent)	(0.20 cent)
Diluted – for the quarter		N/A	N/A

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2017

	Share capital HK\$'000	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Warrant reserve HK\$'000	Exchange reserve HK\$'000	Share-based payment reserve HK\$'000	Accumulated losses HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
As at 1 January 2016	63,690	462,713	(540)	130	(3,629)	14,234	(478,563)	(1,478)	56,557
Loss for the period	-	-	-	-	-	-	(2,535)	-	(2,535)
Exchange difference on translating foreign subsidiaries	-	-	-	-	407	-	-	-	407
Change in fair value of available-for- sale financial assets	-	-	(51)	-	-	-	-	-	(51)
Total comprehensive income for the period	-	-	(51)	-	407	-	(2,535)	-	(2,179)
As at 31 March 2016	63,690	462,713	(591)	130	(3,222)	14,234	(481,098)	(1,478)	54,378
As at 1 January 2017	64,350	466,013	(842)	-	1,492	11,222	(502,069)	(826)	39,340
Loss for the period	-	-	-	-	-	-	(2,756)	-	(2,756)
Exchange difference on translating foreign subsidiaries	-	-	-	-	468	-	-	-	468
Change in fair value of available-for- sale financial assets	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	468	-	(2,756)	-	(2,288)
As at 31 March 2017	64,350	466,013	(842)	-	1,960	11,222	(504,825)	(826)	37,052

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in compliance with the disclosure requirements of the GEM Listing Rules.

The accounting policies and method of computation used in the preparation of these results are consistent with those used in the annual financial statements for the year ended 31 December 2016. 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 2017. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the consolidated financial statements and does not result in substantial changes to the Group's accounting policies.

The condensed consolidated financial statements have not been audited by the Company's independent auditor, but have been reviewed by the Company's audit committee.

The unaudited quarterly financial statements should be read in conjunction with the annual report for the year ended 31 December 2016.

2. REVENUE

The Group's revenue represents the sales of goods supplied to customers, net of discount and sales related tax during the period.

3. INCOME TAX

No provision for Hong Kong profits tax was provided for as the Group had no estimated assessable profits arising in or derived from Hong Kong during the three months ended 31 March 2017 and 31 March 2016.

No provision for the overseas profits tax has been made during the periods as the overseas subsidiaries had no assessable profits for the three months ended 31 March 2017 and 31 March 2016.

There were no material unrecognised deferred tax assets and liabilities for the period.

4. INTERIM DIVIDEND

The Board has resolved not to declare the payment of a dividend for the Period (2016: Nil).

5. LOSS PER SHARE

The calculation of basic loss per share for three months ended 31 March 2017 is based on the Group's loss attributable to owners of the Company for the period of approximately HK\$2,756,000 (2016: approximately HK\$2,535,000) and on the weighted average number of 1,287,006,044 (2016: 1,273,806,044) shares.

Diluted loss per share for the three months ended 31 March 2017 and 2016 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.

6. COMMITMENTS

Commitments under operating leases

At 31 March 2017, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	
	Unaudited	
	As at 31 March	
	2017	2016
	HK\$'000	HK\$'000
Within one year	433	13
In the second to fifth years inclusive	–	1,392
	433	1,405

7. CONTINGENT LIABILITIES

At 31 March 2017, the Group had no material contingent liabilities (31 March 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Total revenue of the Group for the three months ended 31 March 2017 (the “Period”) amounted to approximately HK\$245,000, representing a 88.8% decrease from that of approximately HK\$2,187,000 generated in the corresponding period in 2016. Loss attributable to owners of the Company for the Period was approximately HK\$2,756,000 while that of the corresponding period in 2016 was approximately HK\$2,535,000.

During the Period, the Company was an investment holding company. The Group’s principal activities were the manufacture and sale of synthetic sapphire watch crystals and optoelectronic products, trading of liquor, manufacturing and trading of LED lighting products and property investment.

Sapphire watch crystals division

The Group did not generate any revenue during the Period (2016: HK\$Nil).

Optoelectronics products division

The Group did not generate any revenue during the Period (2016: approximately HK\$256,000).

LED lighting products division

The Group recorded a revenue of approximately HK\$245,000 for the Period (2016: approximately HK\$1,927,000), representing a decrease of approximately HK\$1,682,000.

Trading of liquor products division

The Group did not generate any revenue during the Period (2016: approximately HK\$4,000).

CAPITAL STRUCTURE, FINANCIAL RESOURCES AND LIQUIDITY

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Directors may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

In managing the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on funds generated from operations and fund raising activities.

The Group's shareholders funds were slightly decreased to approximately HK\$37,052,000 as at 31 March 2017 (at 31 December 2016: approximately HK\$39,340,000), which was mainly resulted from the operating loss for the Period. The Group's current assets amounted to approximately HK\$45,293,000 as at 31 March 2017 (at 31 December 2016: approximately HK\$41,962,000), of which approximately HK\$40,706,000 (at 31 December 2016: approximately HK\$35,568,000) was cash and cash equivalents.

As at 31 March 2017, the Group had cash and cash equivalents of approximately HK\$40,706,000 (31 December 2016: approximately HK\$35,568,000), of which approximately 14% and 86% (31 December 2016: approximately 9% and 88%) were denominated in Hong Kong dollars and Renminbi respectively.

As at 31 March 2017, the Group's borrowing comprised the promissory notes amounting to approximately HK\$15,000,000 (31 December 2016: approximately HK\$15,000,000). The promissory notes were repayable within one year and are denominated in Hong Kong dollars.

The Group's gearing ratio as at 31 March 2017 was -38.4% (31 December 2016: -38.1%). The Group's gearing ratio was kept at a low level as other than the promissory notes of approximately HK\$15,000,000 (31 December 2016: approximately HK\$15,000,000), the Group had no other borrowings. Gearing ratio is calculated by dividing the net debt with the aggregate of total capital and net debt. Net debt includes trade payables, other payables and accruals, and promissory notes, less cash and cash equivalents. Total capital represents equity attributable to owners of the Company.

After considering the Group's financial results for the Period and existing financial position, the Board will actively seek new additional funding, including but not limited to the issue of new shares and new bank loans to strengthen the Group's financial position and finance new projects.

LITIGATION

- (i) On 6 March 2012, a writ of summons was issued by JMM Business Network Investments (China) Limited (“JMM”) against (a) Mr. Chan Ka Ming, Mr. Nee, Henry Pei Ching, Mr. Ho Chun Kit Gregory, Mr. Tam Chak Chi, Mr. Ng Kai Shing, Mr. Jal Nadirshaw Karbhari and Ms. Chan Sze Man, all former Directors; and (b) the Company. In this action, JMM sought to challenge the validity of a notice of special general meeting of the Company dated 9 February 2012, but did not specify any monetary claim against the Company. The Directors have not been aware of any material progress of this action since as early as the third quarter of 2012. As such, the Directors are of the view that the action is unlikely to result in any significant financial impact on the Company.
- (ii) On 14 March 2012, a writ of summons was issued by Good Capital Resources Limited (“Good Capital”) against (a) Mr. Chan Ka Ming, Mr. Nee, Henry Pei Ching, Mr. Ho Chun Kit Gregory, Mr. Tam Chak Chi, Mr. Ng Kai Shing, Mr. Jal Nadirshaw Karbhari and Ms. Chan Sze Man, all former Directors; and (b) the Company. In this action, Good Capital sought to challenge the validity of the issuance of certain warrants and the grant of certain share options of the Company in March 2012, but did not specify any monetary claim against the Company. The Directors have not been aware of any material progress of this action since as early as the third quarter of 2012. As such, the Directors are of the view that the action is unlikely to result in any financial impact on the financial statements of the Company.
- (iii) Under action HCA 987/2016, Good Return (BVI) Limited (“Good Return”), a wholly-owned subsidiary of the Company, claims against Wickham Ventures Limited (“Wickham”) and Ms. Lee Hei Wun (“Ms. Lee”) for, among others, the shortfall of a profit guarantee in a total sum of HK\$16,188,374 pursuant to the sale and purchase agreement under which Good Return acquired Arnda Semiconductor Limited from Wickham.

On 31 May 2016, the Statement of Claim was filed and served to Ms. Lee. On 21 July 2016, Ms. Lee filed a Defence and Counterclaim alleging misrepresentation and breach of contract on the part of Good Return and claiming damages. She also seeks to rectify and rescind previous agreements. The damages claimed by Ms. Lee have not been quantified in her Defence and Counterclaim. On 1 December 2016, Good Return filed and served its Reply and Defence to Counterclaim. On 5 April 2017, Good Return filed and served its Mediation Certificate and Mediation Notice and is awaiting Ms. Lee’s Mediation Certificates and Mediation Responses. On 11 May 2017, Good Return filed and served its Timetabling Questionnaire.

- (iv) On 11 February 2015, the Company and Silver Bonus Limited, a wholly-owned subsidiary of the Company and the purchaser to the acquisition of equity interests in Neo Partner Investment Ltd. (the “Target Company”), issued a writ of summons in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region against (i) Shinning Team Investment Limited (the second vendor) as the 1st defendant; (ii) Mr. Lau Hin Chung (the first vendor) as the 2nd defendant; (iii) the Target Company as the 3rd defendant; (iv) Harvest View (China) Limited as the 4th defendant; (v) Mr. Chen Zai as the 5th defendant; (vi) two former executive Directors, namely Mr. Ho Chun Kit, Gregory and Mr. Lee Tat Wing as the 6th and 7th defendants, respectively, claiming for, among other things, the following reliefs:
- (1) damages for breach of the sale and purchase agreement and its supplemental agreement (collectively, the “Agreements”) against the 1st and 2nd defendants;
 - (2) damages and/or rescission of the Agreements for misrepresentation against the 1st to 5th defendants;
 - (3) damages for negligence and breach of fiduciary duties as Directors against the 6th and 7th defendants;
 - (4) a declaration that the promissory notes issued under the Agreements are null and void and unenforceable;
 - (5) costs; and
 - (6) further and/or other relief.
- (v) On 20 April 2016, a writ of summons was issued and filed in the High Court of Hong Kong by an individual, namely Zhu Jun Min (the “Claimant”) against the Company for claiming a sum of approximately HK\$3.5 million, being the face value of a promissory note allegedly issued by the Company to the Claimant in 2013.

Upon the Claimant’s request, the Company agreed to have the proceedings further stayed till 6 July 2017 and the stay was approved by the Court.

Save as disclosed above, neither the Company nor any of its subsidiaries was involved in any litigation at 31 March 2017, the end of the reporting period.

FINANCIAL REVIEW

Total revenue of the Group for the Period amounted to approximately HK\$245,000, representing a 88.8% decrease from that of approximately HK\$2,187,000 generated in the corresponding period in 2016. Decrease in revenue was mainly due to the decrease in market demand of the Group's optoelectronics and LED products. Loss attributable to owners of the Company for the Period was approximately HK\$2,756,000 while that of the corresponding period in 2016 was approximately HK\$2,535,000.

Selling and distribution costs, administrative and other operating expenses (collectively the "Operating Expenses") for the Period were approximately HK\$2,948,000, representing a decrease of approximately HK\$585,000 or 16.6% from the same period of last year. Decrease in the Operating Expenses was mainly due to the decrease in the staff costs and rental expenses during the Period.

Employees and remuneration policies

As at 31 March 2017, the Group had 38 employees (31 December 2016: 38). Employees were remunerated according to their performance and work experience. In addition to the basic salaries and retirement scheme, staff benefits include free accommodation at the Group's staff quarters in Hong Kong, performance bonus and share options. The total staff costs including Directors' remuneration for Period were approximately HK\$769,000 (2016: approximately HK\$805,000).

Significant investments, material acquisitions and disposal of subsidiaries and affiliated companies

The Group had no significant investments, material acquisitions and disposal of subsidiaries and affiliated companies during the Period.

Exposure to fluctuations in exchange rates or any related hedges

During the Period, the Group had no significant exposure to fluctuations in foreign exchange rates or any related hedges.

Pledge of assets and contingent liabilities

As at 31 March 2017, the Group had no pledge of assets and contingent liabilities.

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 allocating the resources of the Company to and concentrating on 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 business opportunities in other sectors to diversify risks and broaden its sources of income. The Company has adequate resources to continue with its business operations, and will continue to focus on its corporate objective to develop current businesses in order to strengthen its competitiveness, integrate its capital resources and contribute a maximum wealth to its equity holders.

The Group will take possible opportunities in the financial markets to raise funds to facilitate future merger and acquisition activities and/or to increase the working capital of the Group.

The Group had commenced its LED lighting products trading business in late 2014 and expanded the operation scale in 2015 and 2016. In 2017, the Group will continuously focus on the LED lighting products business and the Board and the management believe that this can improve the Group's financial performance.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 March 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which would have to be notified to the Company and the Stock Exchange or to be entered in the register referred to in the SFO are as follows:–

Interests in ordinary shares of the Company (the “Shares”)

Name of Director/ chief executive	Capacity/Nature of interests	No. of Shares Held	Underlying Shares	Long/Short Position	Approximate percentage of the issued Shares <i>(Note)</i>
Wong Kin Hong	Beneficial owner	25,500,000	–	Long Position	1.98%

Note: The percentage represents the number of Shares interested divided by the number of the issued Shares as at 31 March 2017.

As at 31 March 2017, save as disclosed above, none of the Directors and the chief executive of the Company had 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 would have to be: (a) 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 were taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHT TO ACQUIRE SHARES

At no time during the Period were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company or of any other body corporate 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 or their respective spouse or minor children to acquire such rights in the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2017, so far as the Directors are aware, the persons (other than a Director or the chief executive of the Company) who had an interest or short position in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were 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 shareholder	Capacity/Nature of interests	Number of Shares Held	Underlying Shares	Long/Short Position	Approximate percentage of the issued Shares (Note)
Elisabeta Ling	Beneficial owner	118,500,000	–	Long Position	8.99%

Note: The percentage represents the number of Shares interested divided by the number of the issued Shares as at 31 March 2017.

So far as is known to any Director, there was no person (other than a Director or chief executive of the Company) who, as at 31 March 2017, had an interest or short position in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was 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 OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its Shares listed and traded on GEM nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the Period.

DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "Securities Code") 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.

Following a specific enquiry made by the Company with the Directors, all of them have confirmed that they had complied with the required standard of dealings of the Securities Code throughout the Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company had complied with all the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules throughout the Period, except for code provision A.2.1 of the CG Code, which stipulates that the role of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. Wong Kin Hong has held both positions since his appointment as chairman of the Board in 2014. The Board believes that vesting the roles of both chairman and chief executive officer in the same person would allow the Company to be more effective and efficient in developing long term business strategies and execution of business plans.

COMPETING INTERESTS

During the Period, none of the Directors or the substantial shareholders of the Company (as defined in the GEM Listing Rules) or their respective close associates (as defined in the GEM Listing Rules) had an interest in a business that competed or might compete with the business of the Group.

REVIEW BY AUDIT COMMITTEE

As required by Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee of the Board (the “Audit Committee”) with written terms of reference which set out clearly its authority and duties. The principal duties of the Audit Committee 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 four independent non-executive Directors (the “INEDs”), namely Mr. Yan Guoni (chairman of the Audit Committee), Mr. Tang Rong Gang, Mr. Ou Wei An and Mr. Ng Yu Ho, Steve.

The Company’s unaudited consolidated financial statements for the Period and the 2017 first quarterly report have been reviewed by the Audit Committee. The Audit Committee considered that the relevant financial statements had been prepared in compliance with the applicable accounting principles and requirements of the GEM Listing Rules.

By order of the Board
Seamless Green China (Holdings) Limited
Wong Kin Hong
Executive Director and Chairman

Hong Kong, 12 May 2017

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

Executive Directors

- (1) Mr. Wong Kin Hong (*Chairman*);
- (2) Mr. Huang Yonghua;
- (3) Mr. Wong Tat Wa;
- (4) Ms. Leung Po Yee; and
- (5) Mr. Gao Hong
- (6) Mr. Li Zhi Qiang

INEDs

- (7) Mr. Yan Guoniu;
- (8) Mr. Tang Rong Gang;
- (9) Mr. Ou Wei An; and
- (10) Mr. Ng Yu Ho, Steve.