



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



INTERIM REPORT
2021

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on the 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 interim report, for which the directors (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 GEM of the Stock Exchange (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 interim 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 interim report misleading.*

FINANCIAL HIGHLIGHTS

1. The Group has recorded total revenue of approximately HK\$67.2 million for the six months ended 30 June 2021.
2. The Group has recorded a net loss attributable to the owners of the Company for the six months ended 30 June 2021 of approximately HK\$5.8 million, representing a basic loss per share of HK cent 0.37.
3. The Board does not recommend the payment of any dividend for the six months ended 30 June 2021.

FINANCIAL RESULTS

The board of Directors (the “**Board**”) hereby present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the three months and six months ended 30 June 2021 together with the relevant comparative unaudited figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	38,594	11,196	67,203	19,796
Cost of sales		(34,622)	(10,857)	(61,277)	(18,784)
Gross profit		3,972	339	5,926	1,012
Other income and gains		19	119	32	140
Selling and distribution costs		(504)	(56)	(1,258)	(265)
Administrative and other operating expenses		(4,949)	(3,711)	(8,017)	(6,974)
Loss from operations		(1,462)	(3,309)	(3,317)	(6,087)
Finance costs		(1,187)	(535)	(2,414)	(1,120)
Loss before income tax	4	(2,649)	(3,844)	(5,731)	(7,207)
Income tax expense	5	(32)	–	(84)	–
Loss for the period		(2,681)	(3,844)	(5,815)	(7,207)
Profit/(loss) for the period attributable to:					
– Owners of the Company		(2,900)	(3,918)	(5,781)	(7,066)
– Non-controlling interests		219	74	(34)	(141)
		(2,681)	(3,844)	(5,815)	(7,207)
Loss per share attributable to the owners of the Company					
– Basic (HK cents)	7	(0.18)	(0.25)	(0.37)	(0.45)
– Diluted (HK cents)	7	(0.18)	(0.25)	(0.37)	(0.45)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period	(2,681)	(3,844)	(5,815)	(7,207)
Other comprehensive income, net of tax				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Exchange differences on translation of the foreign subsidiaries	938	133	614	(1,087)
<i>Items that will not be reclassified to profit or loss:</i>				
Changes in the fair value of financial assets at fair value through other comprehensive income	-	(2)	-	(23)
	938	131	614	(1,110)
Total comprehensive loss	(1,743)	(3,713)	(5,201)	(8,317)
Total comprehensive income/(loss) for the period attributable to:				
- Owners of the Company	(2,004)	(3,787)	(5,198)	(8,176)
- Non-controlling interests	261	74	(3)	(141)
	(1,743)	(3,713)	(5,201)	(8,317)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8	6,951	7,846
Right-of-use assets	9	4,084	3,113
Investment property		10,470	10,362
Intangible asset		507	507
Financial assets at fair value through other comprehensive income		–	–
Other financial assets carried at amortised cost	10	153	153
Total non-current assets		22,165	21,981
Current assets			
Inventories		10,649	9,897
Trade receivables and other financial assets carried at amortised cost	10	71,544	85,903
Other current assets		27,563	58,801
Cash and cash equivalents		3,045	11,245
Total current assets		112,801	165,846
Total assets		134,966	187,827
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital	12	78,626	78,626
Reserves		(50,159)	(44,961)
		28,467	33,665
Non-controlling interests		2,955	2,958
Total equity		31,422	36,623
LIABILITIES			
Non-current liabilities			
Lease liabilities		2,341	1,801
Other borrowings		–	51,588
Total non-current liabilities		2,341	53,389
Current liabilities			
Trade and other payables	11	51,598	58,512
Contract liabilities		15,261	9,936
Other borrowings		14,648	9,934
Promissory notes		15,000	15,000
Lease liabilities		1,891	1,702
Current income tax liabilities		2,805	2,731
Total current liabilities		101,203	97,815
Total liabilities		103,544	151,204
Total equity and liabilities		134,966	187,827

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended	
	30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash inflow/(outflow) from operating activities	42,532	(9,723)
Net cash outflow from investing activities	(141)	(347)
Net cash (outflow)/inflow from financing activities	(50,610)	1,096
Net decrease in cash and cash equivalents	(8,219)	(8,974)
Cash and cash equivalents at 1 January	11,245	11,141
Currency translation difference	19	67
Cash and cash equivalents at 30 June	3,045	2,234

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

Attributable to the owners of the Company											
	Share capital	Share premium	Financial assets at fair value through other comprehensive income reserve	Exchange reserve	Share-based payment reserve	Other reserve	Statutory reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended 30 June 2020											
As at 1 January 2020 (Unaudited)	78,626	491,228	(753)	(7,930)	8,762	(776)	436	(529,666)	39,927	2,648	42,575
Comprehensive income											
Loss for the period	-	-	-	-	-	-	-	(7,066)	(7,066)	(141)	(7,207)
Other comprehensive income											
Exchange difference on translation of the foreign subsidiaries	-	-	-	(1,087)	-	-	-	-	(1,087)	-	(1,087)
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	(23)	-	-	-	-	-	(23)	-	(23)
Total comprehensive loss for the period	-	-	(23)	(1,087)	-	-	-	(7,066)	(8,176)	(141)	(8,317)
As at 30 June 2020 (Unaudited)	78,626	491,228	(776)	(9,017)	8,762	(776)	436	(536,732)	31,751	2,507	34,258
For the six months ended 30 June 2021											
As at 1 January 2021 (Audited)	78,626	491,228	(1,094)	(3,467)	8,762	(776)	687	(540,301)	33,665	2,958	36,623
Comprehensive income											
Loss for the period	-	-	-	-	-	-	-	(5,781)	(5,781)	(34)	(5,815)
Other comprehensive income											
Exchange difference on translation of the foreign subsidiaries	-	-	-	583	-	-	-	-	583	31	614
Total comprehensive loss for the period	-	-	-	583	-	-	-	(5,781)	(5,198)	(3)	(5,201)
As at 30 June 2021 (Unaudited)	78,626	491,228	(1,094)	(2,884)	8,762	(776)	687	(546,082)	28,467	2,955	31,422

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Seamless Green China (Holdings) Limited (the “**Company**”) is an investment holding company and together with its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the manufacturing and trading of Light Emitting Diode (“**LED**”) and related products, manufacturing and sale of optoelectronic products and sapphire watch crystals, trading of liquor and property investment.

The Company was incorporated in the Cayman Islands on 18 January 2001 as an exempted company with limited liability. The issued shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited since 10 August 2001. Pursuant to a special resolution passed on 7 January 2008, the shareholders of the Company resolved to change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The re-domicile was completed on 22 January 2008. The change of domicile has no impact on the continuity and the listing status of the Company. The addresses of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Room 1604, Seaview Commercial Building, 21-24 Connaught Road West, Sheung Wan, Hong Kong respectively.

These unaudited condensed consolidated financial statements are presented in thousands of units of Hong Kong dollars (“**HK\$’000**”) unless otherwise stated.

2. BASIS OF PREPARATION

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 2020. 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 2021. 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 Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

These unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for investment property and financial asset at fair value through other comprehensive income, which was carried at fair value.

The preparation of the unaudited condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

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

3. SEGMENT INFORMATION

The Chief Operation Decision-Maker (“**CODM**”) has been identified as the Board of Directors of the Company. CODM reviews the Group’s internal reports in order to assess performance, allocate resources and determine the operating segments.

There are four operating segments as follows:

- (a) LED and related products segment (“**LED**”) is engaged in manufacturing and trading of LED and related products;
- (b) Optoelectronic products segment (“**Optoelectronic**”) is a supplier of optoelectronic products for use in the watch products;
- (c) Liquor products segment (“**Liquor**”) is engaged in trading of wine; and
- (d) Sapphire watch crystals segment (“**Sapphire**”) is a supplier of watch crystals mainly for use in the manufacturing of watch products.

Reportable segment results represent the profit or loss resulted by each segment and exclude interest income, interest expenses on other borrowings, change in fair value of investment property, and unallocated corporate expenses.

Segment assets do not include unallocated corporate assets, including cash and cash equivalents, investment property and financial assets at fair value through other comprehensive income.

Segment liabilities do not include unallocated corporate liabilities, promissory notes, other borrowings, current tax liabilities and deferred income tax liabilities.

Six months ended 30 June 2021

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Total HK\$'000	
Six months ended 30 June 2021						
(Unaudited)						
Segment revenue:						
Sales to external customers	66,028	1,174	1	-	67,203	
Segment results	450	(185)	(278)	-	(13)	
Unallocated:						
Unallocated corporate income					11	
Unallocated corporate expenses					(950)	
- staff costs					(950)	
- others					(4,779)	
Loss before income tax					(5,731)	
As at 30 June 2021						
Segment assets	119,703	2	2,869	-	122,574	
Unallocated:						
Cash and cash equivalents					362	
Investment property					10,470	
Other unallocated assets					1,560	
Total assets					134,966	
Segment liabilities	(58,245)	(5,831)	(47)	-	(64,123)	
Unallocated:						
Promissory notes					(15,000)	
Other borrowings					(14,648)	
Current tax liabilities					(2,805)	
Other unallocated liabilities					(6,968)	
Total liabilities					(103,544)	
	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Unallocated HK\$'000	Total HK\$'000
Other segment information:						
Capital expenditure	(152)	-	-	-	-	(152)
Interest income	-	-	-	-	11	11
Finance cost	(72)	-	-	-	(2,342)	(2,414)
Depreciation	(1,682)	-	-	-	(326)	(2,008)
Income tax expense	(84)	-	-	-	-	(84)
Provision for impairment of trade receivables	(594)	-	-	-	-	(594)

Six months ended 30 June 2020

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Total HK\$'000
Six months ended 30 June 2020					
(Unaudited)					
Segment revenue:					
Sales to external customers	17,909	1,847	40	–	19,796
Segment results	(2,264)	(637)	(171)	–	(3,072)
Unallocated:					
Unallocated corporate income					5
Unallocated corporate expenses					(947)
– staff costs					(947)
– others					(3,193)
Loss before income tax					(7,207)

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Unallocated HK\$'000	Total HK\$'000
Other segment information:						
Capital expenditure	(352)	–	–	–	–	(352)
Finance cost	(79)	–	–	–	(1,041)	(1,120)
Depreciation	(1,538)	–	–	–	(220)	(1,758)
Provision for impairment of trade receivables	(662)	–	–	–	–	(662)

At as 31 December 2020

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Total HK\$'000
As at 31 December 2020 (Audited)					
Segment assets	172,032	3	2,893	–	174,928
Unallocated:					
Cash and cash equivalents					284
Investment property					10,362
Other unallocated assets					2,253
Total assets					187,827
Segment liabilities	(59,767)	(5,959)	(47)	–	(65,773)
Unallocated:					
Promissory notes					(15,000)
Other borrowings					(61,522)
Current income tax liabilities					(2,731)
Other unallocated liabilities					(6,178)
Total liabilities					(151,204)

Geographical information

Revenue from external customers

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
The PRC	66,029	17,909
Hong Kong	1,174	1,887
	67,203	19,796

4. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after charging:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	(1,129)	(1,008)
Depreciation of right-of-use assets	(879)	(750)
Employee benefit expense (including Directors' emoluments)	(3,312)	(3,537)
Provision for impairment of trade receivables	(594)	(662)

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Provision for current tax		
– Hong Kong Profits Tax	–	–
– PRC Corporate Income Tax ("CIT")	(84)	–
	(84)	–

For the six months ended 30 June 2021 and 2020, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. The profits of group entities not qualified for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

CIT is provided on the assessable income of entities within the Group incorporated in the Mainland China. The applicable CIT tax rate is 25% (six months ended 30 June 2020: 25%) unless preferential tax rates were applicable (six months ended 30 June 2020: same).

There were no material unrecognised deferred tax assets and liabilities as at 30 June 2021 (31 December 2020: Nil).

6. INTERIM DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

7. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Loss attributable to the owners of the Company (HK\$'000)	(5,781)	(7,066)
Weighted average number of ordinary shares in issue (thousand shares)	1,572,517	1,572,517
Basic loss per share attributable to owners of the Company (HK cents)	(0.37)	(0.45)

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise of all potentially dilutive ordinary shares. The Company has one category of potentially dilutive ordinary shares: share options. For the share options, a calculation has been done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the six months ended 30 June 2021, the share options issued were not assumed to be exercised as they would have an anti-dilutive impact to the basic loss per share (six months ended 30 June 2020: Same).

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property, plant and equipment of approximately HK\$152,000 (six months ended 30 June 2020: HK\$352,000).

9. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2021, there was addition to right-of-use assets of approximately HK\$3.4 million in relation to factory and staff quarter (six month ended 30 June 2020: nil).

10. TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS CARRIED AT AMORTISED COST

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Trade receivables	73,139	90,271
Other financial assets carried at amortised cost	14,410	11,177
Less: Provision for impairment	(15,852)	(15,392)
Total trade receivables and other financial assets carried at amortised cost, net	71,697	86,056
Less: Amounts classified as non-current portion	(153)	(153)
Current portion	71,544	85,903

The Group's credit terms to trade debtors generally range from 0 to 180 days. The ageing analysis of the trade receivables based on the invoice date at the reporting date is as follows:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Within 30 days	19,399	14,397
31-60 days	7,361	18,007
61-90 days	3,681	13,877
Over 90 days	42,698	43,990
	73,139	90,271

11. TRADE AND OTHER PAYABLES

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Trade payables	27,557	35,789
Other payables and accruals	20,314	19,034
Amount due to a director	637	631
Consideration payable	3,090	3,058
	51,598	58,512

The ageing analysis of the trade payables based on the invoice date at reporting date is as follows:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Unaudited)
Within 30 days	631	3,538
31-60 days	527	1,266
61-90 days	4,420	4,132
Over 90 days	21,979	26,853
	27,557	35,789

The average credit period granted by the Group's suppliers ranges from 0 to 60 days.

12. SHARE CAPITAL

	Number of shares (thousand shares)	Ordinary share of HK\$0.05 each HK\$'000
Ordinary shares issued and fully paid:		
At 30 June 2020, 1 January 2021 and 30 June 2021	1,572,517	78,626

13. FAIR VALUE ESTIMATION

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2021 and 31 December 2020 by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are at fair value at 30 June 2021 and 31 December 2020.

	Level 3	
	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Investment property		
– Residential property in the PRC	10,470	10,362

There were no transfers among Level 1, 2 and 3 during the six months ended 30 June 2020 and 2021.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quote market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, price services or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2021 and 31 December 2020 because of the immediate or short-term maturity of the financial instruments.

No financial assets and financial liabilities were subject to offsetting, enforceable master netting arrangements and similar arrangements as at 30 June 2021 and 31 December 2020.

14. CONTINGENT LIABILITIES

At 30 June 2021, the Group had no material contingent liabilities (31 December 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Company was an investment holding company. The Group's principal business activities were the manufacturing and trading of LED lighting and related products, manufacturing and sale of optoelectronic products and sapphire watch crystals, trading of liquor, and property investment.

During the six months ended 30 June 2021 (the "**Period**"), the total revenue of the Group amounted to approximately HK\$67.2 million, representing a 239.5% increase compared with approximately HK\$19.8 million for the six months ended 30 June 2020 (the "**Comparative Period**"). Loss attributable to the owners of the Company for the Period was approximately HK\$5.8 million representing a 18.2% decrease, compared with that of approximately HK\$7.1 million in the Comparative Period.

Revenue

LED and related products division

The Group's LED products division recorded a revenue of approximately HK\$66.0 million for the Period (Comparative Period: HK\$17.9 million). The increase was mainly due to the gradually resumption of production since the second quarter of 2020 whereas the supply chain was disrupted by the shortages in raw material and decrease in sales orders because of the COVID-19 outbreak during the Comparative Period. The Group will continue to launch marketing and business development programmes, implement cost-control measures, and diversify its product range with the view to stimulating sales and strengthening the Group's resistance towards these downturn factors such as pandemic diseases, raw material shortage or change of customer appetite.

Optoelectronics products division

The Group's optoelectronics products division recorded a revenue of approximately HK\$1.2 million during the Period (Comparative Period: HK\$1.8 million). The Group will continue to monitor the market situation and will continue to explore business opportunities to leverage on our established experience in watch industry.

Trading of liquor products division

The Group's liquor trading division recorded revenue of approximately HK\$1,000 during the Period (Comparative Period: HK\$40,000). The Board will continue to adjust its strategy to explore business opportunities to leverage on the Group's established experience in liquor trading industry. The Company will also review the performance of its distribution channels and make necessary adjustments as and when necessary.

Sapphire watch crystals division

The Group's sapphire watch crystals division did not generate any revenue during the Period (Comparative Period: Nil), principally due to the sluggish market of traditional watches resulted from competition of smart watches.

Administrative and other operating expenses

Total administrative and other operating expenses were approximately HK\$8.0 million for the Period (Comparative Period: approximately HK\$7.0 million), representing an increase of HK\$1.0 million. Such increase was primarily due to the increase in expense in relation to development and launching new product during the Period.

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 the value of its shareholders (the "Shareholders").

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 amount of dividend payment to the Shareholders, issue new shares, obtain other borrowings, or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as lease liabilities, promissory notes and other borrowings, less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The gearing ratios as at 30 June 2021 and 31 December 2020 were as follows:

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
Other borrowings	14,648	61,522
Promissory notes	15,000	15,000
Lease liabilities	4,232	3,503
Less: cash and cash equivalents	(3,045)	(11,245)
Net debt	30,835	68,780
Total equity	31,422	36,623
Total capital	62,257	105,403
Gearing ratio	49.5%	65.3%

The decrease in gearing ratio was attributable to the decrease in other borrowings during the Period.

The total equity of the Group were decreased to approximately HK\$31.4 million as at 30 June 2021 (31 December 2020: approximately HK\$36.6 million), which was mainly resulted from the operating loss for the Period. The Group's net current assets amounted to approximately HK\$11.6 million as at 30 June 2021 (31 December 2020: approximately HK\$68.0 million), of which approximately HK\$3.0 million (31 December 2020: approximately HK\$11.2 million) was cash and cash equivalents.

As at 30 June 2021, the Group had cash and cash equivalents of approximately HK\$3.0 million (31 December 2020: approximately HK\$11.2 million), of which approximately 79% and 21% (31 December 2020: approximately 95% and 5%) were denominated in Renminbi ("RMB") and Hong Kong dollars ("HKD") respectively.

As at 30 June 2021, all other borrowing and promissory notes of the Group bore fixed interest rates, denominated in HKD and repayable within 1 year.

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.

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 issue of new shares, obtaining other borrowings and selling assets, to strengthen the Group's financial position and finance new projects.

Foreign currency risk

The Group operates mainly in Mainland China and Hong Kong. For the operations in Mainland China, the transactions are mostly denominated in RMB. Minimal exposure to fluctuation in exchange rates is expected. For the operations in Hong Kong, most of the transactions are denominated in HK\$ and US\$. Since the exchange rate of US\$ against HK\$ is pegged to each other under the Linked Exchange Rate System, the exposure to fluctuation in exchange rates will only arise from the translation to the presentation currency of the Group. The Group did not resort to any currency hedging facility for the Period. However, the management will monitor the Group's foreign currency exposure should the need arise.

Employees and remuneration policies

As at 30 June 2021, the Group had 69 employees (31 December 2020: 63). 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 the Period were approximately HK\$3.3 million (Comparative Period: approximately HK\$3.5 million).

Pledge of assets

As at 30 June 2021, the Group had no pledge of assets (31 December 2020: Nil).

Contingent liabilities

As at 30 June 2021, the Group had no material contingent liabilities (31 December 2020: Nil).

Significant investments, material acquisitions and disposal of subsidiaries and affiliated companies and future plans for material investments or additions of capital assets

The Group had no significant investments, material acquisitions and disposal of subsidiaries and affiliated companies during the Period, nor there was any future plans for material investments or additions of capital assets as at 30 June 2021.

PROSPECTS

The outbreak of COVID-19 since 2020 lead to uncertain macroeconomic environment. Although COVID-19 pandemic well under control across the PRC and encouraged by the distribution of vaccine recently, the suppliers still adopt a conservative procurement planning and rigour collection processes, from granting credit period up to 60 days to requesting prepayment for procurement of raw materials for production of LED products. It is expected a more lax credit period would be granted by the suppliers in the second half of 2021.

The Group will closely monitor the situation and the Group's exposure to the risks and uncertainties in connection with COVID-19, and assess and react proactively to its impacts on the financial position and results of the Group. In view of the generally weak market conditions, the Group will continue to take a conservative approach in capacity planning, and adopt stringent cost and risk management measures to guard against heightened uncertainty in the operating landscape.

The Company has been continuously reviewing its business operations and financial position for the purpose of formulating business plans and strategies for its future business development, which would enable the Group not only to develop its existing business divisions but also to capture business opportunities, diversify its businesses and broaden its income sources. The Company will endeavour to allocate its resources in an efficient and effective manner and in the best interest of the Company and its Shareholders as a whole.

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 (the “**Legal Action**”). Ms. Lee filed a Defence and Counterclaim alleging misrepresentation and breach of contract on the part of Good Return and claiming damages (unquantified), and seeking to rectify and rescind previous agreements. The court has granted judgment on 4 September 2020 in favour of Good Return for the sum of HK\$3,000,000 plus interest.
- (iv) On 11 February 2015, the Company and Silver Bonus Limited (a wholly-owned subsidiary of the Company and the purchaser to the acquisition) issued a writ of summons against Mr. Lau Hin Chung (the first vendor), Shinning Team Investment Limited (the second vendor), Neo Partner Investments Ltd. (the “**Target Company**”), Harvest View (China) Limited (a wholly-owned subsidiary of the Target Company) and Mr. Chen Zai (the registered owner of the other 55% shareholding in the Target Company) to claim for relief including damages for breach of contract and/or rescission of contract based on misrepresentation (including a declaration that the promissory notes issued as consideration for the acquisition being null and void and unenforceable), and negligence and breach of fiduciary duties against certain ex-directors of the Company. The Company’s claim relates to the acquisition by the Group of 28% shareholding in the Target Company for the consideration of HK\$23,800,000, pursuant to a sale and purchase agreement dated 10 December 2012 (as supplemented by a supplemental agreement dated 14 December 2012) which was completed on 23 January 2013. The Company has instructed its legal adviser to continue to uphold its rights in the legal action.
- (v) On 20 April 2016, a writ of summons was issued by Mr. Zhu Jun Min (“**Mr. Zhu**”) 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 Mr. Zhu in 2013. The Company has instructed its legal adviser to uphold its rights in the legal action.

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

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

As at 30 June 2021, the interests and short positions of the Directors and the chief executives of the Company (the “**Chief Executives**”) and their associates 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 were: (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, recorded in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, required to be notified to the Company and the Stock Exchange were 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	1.62%

Note: The percentage represents the number of Shares interested divided by the number of the issued Shares as at 30 June 2021.

As at 30 June 2021, save as disclosed above, none of the Directors and the Chief Executives nor their associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were: (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, recorded in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, required to be notified to the Company and the Stock Exchange.

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 OF THE COMPANY

As at 30 June 2021, so far as the Directors are aware, the persons (other than a Director or the Chief Executives) who had interests or short positions in the Shares and 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 are as follows:

Name of substantial 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	7.54%

Note: The percentage represents the number of Shares interested divided by the number of the issued Shares as at 30 June 2021.

Save as disclosed above, the Directors are not aware of any other persons (other than a Director or the Chief Executives) who, as at 30 June 2021, had an interest or short position in the Shares and 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.

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 controlling shareholders (as defined in the GEM Listing Rules) of the Company or any of their respective close associates (as defined in the GEM Listing Rules) had an interest in a business that competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person had or might have with the Group.

REVIEW BY AUDIT COMMITTEE

As required by Rule 5.28 of the GEM Listing Rules, the Company has established the Audit Committee with written terms of reference which set out clearly its authority and duties. The principal duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal control systems. As at the date of this interim report, the Audit Committee comprises four independent non-executive Directors, namely Mr. Yan Guoniu (chairman of the Audit Committee), Mr. Tang Rong Gang, Mr. Ou Wei An and Mr. Ng Yu Ho, Steve.

The Company's unaudited condensed consolidated financial statements for the Period and this interim 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 standards and principles, requirements of the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure had been made.

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

Hong Kong, 13 August 2021

As at the date of this interim 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

Independent Non-executive Directors

- (5) Mr. Yan Guoniu
- (6) Mr. Tang Rong Gang
- (7) Mr. Ou Wei An
- (8) Mr. Ng Yu Ho, Steve

This interim report will remain on the "Latest Company Announcements" page of the GEM website (www.hkgem.com) for at least 7 days from the date of its publication. This interim report will also be published on the website of the Company (<http://www.victoryhousefp.com/lchp/8150.html>).