



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
2018

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.*

HIGHLIGHTS

1. The Group has recorded total revenue of approximately HK\$55,198,000 for the six months ended 30 June 2018.
2. The Group has recorded a net loss attributable to owners of the Company for the six months ended 30 June 2018 of approximately HK\$1,083,000, representing a basic loss per share of HK cent 0.07.
3. The Board does not recommend the payment of any dividend for the six months ended 30 June 2018.

FINANCIAL RESULTS

The board of Directors (the “**Board**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the three months and six months ended 30 June 2018 together with the relevant comparative unaudited figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 30 June		Six months ended 30 June	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Turnover	3	33,457	10,143	55,198	10,388
Cost of sales		(31,668)	(9,429)	(49,853)	(9,638)
Gross profit		1,789	714	5,345	750
Other income and gains		11	212	20	368
Operating expenses:					
Selling and distribution costs		(33)	(4)	(88)	(44)
Administrative and other operating expenses		(3,756)	(2,270)	(6,338)	(5,178)
Loss before taxation	4	(1,989)	(1,348)	(1,061)	(4,104)
Income tax expense	5	(7)	–	(22)	–
Loss for the period		(1,996)	(1,348)	(1,083)	(4,104)
Other comprehensive income after tax					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the consolidated financial statements of foreign subsidiaries		(3,352)	1,129	(1,527)	1,597
Other comprehensive income for the period, net of tax		(3,352)	1,129	(1,527)	1,597
Total comprehensive income for the period		(5,348)	(219)	(2,610)	(2,507)
Loss attributable to owners of the Company		(1,996)	(1,348)	(1,083)	(4,104)
Total comprehensive income attributable to owners of the Company		(5,348)	(219)	(2,610)	(2,507)
Loss per share attributable to owners of the Company					
Basic	7	(0.13) cent	(0.10) cent	(0.07) cent	(0.31) cent
Diluted	7	N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	8	4,328	4,366
Investment property		14,449	14,707
Interests in associates		–	–
Available-for-sale financial assets		1,094	1,094
		19,871	20,167
Current assets			
Inventories		7,776	3,507
Trade receivables	9	59,747	33,460
Repayment deposit and other receivables		9,466	5,488
Current tax recoverable		38	39
Cash and cash equivalents		12,706	42,784
		89,733	85,278
Total assets		109,604	105,445
Current liabilities			
Trade payables	10	21,773	14,882
Other payables and accruals		8,745	8,854
Current tax liabilities		1,046	1,041
Promissory notes		15,000	15,000
		46,564	39,777
Net current assets		43,169	45,501
Total assets less current liabilities		63,040	65,668
Non-current liabilities			
Deferred tax liabilities		1,103	1,121
NET ASSETS		61,937	64,547
CAPITAL AND RESERVES			
Share capital	11	78,626	78,626
Reserves		(15,885)	(13,275)
Equity attributable to owners of the Company		62,741	65,351
Non-controlling interests		(804)	(804)
TOTAL EQUITY		61,937	64,547

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended	
	30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash outflow from operating activities	(28,927)	(6,693)
Net cash (outflow)/inflow from investing activities	(144)	355
Net cash inflow from financing activities	–	37,033
Net (decrease)/increase in cash and cash equivalents	(29,071)	30,695
Cash and cash equivalents at 1 January	42,784	35,568
Effect of foreign exchanges, net	(1,007)	(1,131)
Cash and cash equivalents at 30 June	12,706	67,394
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	12,706	67,394

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2018

	Share capital	Share premium	Investment revaluation reserve	Warrant reserve	Exchange reserve	Share-based payment reserve	Accumulated losses	Non- controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2017	64,350	466,013	(842)	-	(5,307)	11,222	(495,270)	(826)	39,340
Loss for the period	-	-	-	-	-	-	(4,104)	-	(4,104)
Exchange difference on translating foreign subsidiaries	-	-	-	-	1,597	-	-	-	1,597
Total comprehensive income for the period	-	-	-	-	1,597	-	(4,104)	-	(2,507)
Issues of shares									
- shares	12,738	17,530	-	-	-	-	-	-	30,268
Exercise of share options	1,538	7,687	-	-	-	(2,460)	-	-	6,765
As at 30 June 2017	78,626	491,230	(842)	-	(3,710)	8,762	(499,374)	(826)	73,866
As at 1 January 2018	78,626	491,228	-	-	(2,133)	8,762	(511,132)	(804)	64,547
Loss for the period	-	-	-	-	-	-	(1,083)	-	(1,083)
Exchange difference on translating foreign subsidiaries	-	-	-	-	(1,527)	-	-	-	(1,527)
Total comprehensive income for the period	-	-	-	-	(1,527)	-	(1,083)	-	(2,610)
As at 30 June 2018	78,626	491,228	-	-	(3,660)	8,762	(512,215)	(804)	61,937

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Seamless Green China (Holdings) Limited (the “**Company**”) was a limited liability company incorporated in the Cayman Islands on 18 January 2001 as an exempted company. 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.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) (rounded to the nearest thousand except for per share data), which is the same as the functional and presentation currency of the Company.

The Company is an investment holding company. The Group’s principal business activities were the manufacturing and sale of synthetic sapphire watch crystals and optoelectronic products, trading of liquor, manufacturing and trading of LED and related portable consumer products, and property investment.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in compliance with the disclosure requirements of the Rules Governing the Listing of Securities on the GEM (the “**GEM Listing Rules**”) and the Hong Kong Companies Ordinance.

The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in preparing the audited financial statements for the year ended 31 December 2017. 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 2018. The adoption of such new or revised standards, amendments to standards and interpretations does not have a 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 “**Audit Committee**”).

The unaudited interim financial statements should be read in conjunction with the annual report dated 27 March 2018 for the year ended 31 December 2017.

3. SEGMENTS INFORMATION

Segment information reported to the chief operating decision maker, the Directors, is the type of goods delivered by the Group's operating division for the purposes of resource allocation and performance assessment.

For the purposes of assessing segment performance and resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment revenue represents revenue generated from external customers. There were no inter-segment sales in the period (2017: Nil).

Segment result represents the profit or loss attributable to each segment without allocation of corporate income and expense, central administration cost, Directors' salaries, interest income, loss on disposal of subsidiaries, gain or loss on trading marketable securities and finance costs.

Segment assets included all tangible, intangible assets and current assets.

Segment revenue and results

For the six months ended 30 June 2018 (unaudited)

	Sapphire watch crystals HK\$'000	Optoelectronic products HK\$'000	Liquor HK\$'000	LED and related portable consumer products HK\$'000	Consolidated HK\$'000
Segment revenue	-	1,176	925	53,097	55,198
Segment results	(6)	(121)	79	3,373	3,325
Reconciliation:					
Total profit for reportable segments					3,325
Unallocated corporate income					3
Interest income					17
Unallocated corporate expenses					-
Finance costs					(4,406)
Consolidated loss before taxation					(1,061)

For the six months ended 30 June 2017 (unaudited)

	Sapphire watch crystals <i>HK\$'000</i>	Optoelectronic products <i>HK\$'000</i>	Liquor <i>HK\$'000</i>	LED and related portable consumer products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	-	-	-	10,388	10,388
Segment results	-	-	(1)	574	573
Reconciliation:					
Total profit for reportable segments					573
Unallocated corporate income					6
Interest income					-
Unallocated corporate expenses					(4,683)
Finance costs					-
Consolidated loss before taxation					(4,104)

	Sapphire watch crystals <i>HK\$'000</i>	Optoelectronic products <i>HK\$'000</i>	Liquor <i>HK\$'000</i>	LED and related portable consumer products <i>HK\$'000</i>	Total for reportable segments <i>HK\$'000</i>
As at 30 June 2018 (unaudited)					
Segment assets	-	82	3,844	85,415	89,341
Unallocated assets					20,263
Consolidated assets					109,604
As at 30 June 2017 (unaudited)					
Segment assets	-	92	-	50,279	50,371
Unallocated assets					55,778
Consolidated assets					106,149

4. LOSS FROM OPERATIONS

The Group's operating loss is arrived at after charging:

	For the six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	189	76
Employee benefit expense (including Directors' emoluments)	2,746	1,458

5. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as followings:

	For the six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Provision for current tax		
– Hong Kong profits tax	9	–
– PRC enterprises income tax	13	–
	22	–

Hong Kong profits tax has been provided at a rate of 16.5% (2017: Nil) on the estimated assessable profits for the Period.

No provision for the overseas profits tax has been made during the periods as the overseas subsidiaries had no assessable profits for the six months ended 30 June 2018 (2017: Nil).

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

6. INTERIM DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2018 (2017: Nil).

7. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30 June 2018 is based on the Group's loss attributable to owners of the Company for the period of approximately HK\$1,083,000 (2017: 4,104,000) and on the weighted average number of 1,527,517,252 (2017: 1,312,391,713) shares.

Diluted loss per share for the six months ended 30 June 2018 and 30 June 2017 has not been disclosed as the potential shares arising from the exercise of the Company's outstanding share options and warrants would decrease in loss per share of the Group for the periods and are regarded as anti-dilutive.

8. PROPERTY, PLANT AND EQUIPMENT

HK\$'000

As at 30 June 2017 (unaudited)

Opening net book amount 1 January 2017	2,306
Additions	(76)
Depreciation charged	67

Closing net book amount as at 30 June 2017

As at 30 June 2018 (unaudited)

Opening net book amount 1 January 2018	4,366
Additions	160
Depreciation charged	(189)
Exchange realignment	(9)

Closing net book amount as at 30 June 2018

9. TRADE RECEIVABLES

The aging analysis of the trade receivables at the reporting date is as follows:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Current	16,346	12,290
31-60 days	11,691	2,485
61-90 days	15,570	1,361
Over 90 days	16,140	17,322
	59,747	33,460

The Group's terms on credit sales primarily range from 30 to 120 days.

10. TRADE PAYABLES

The aging analysis of the trade payables at reporting date is as follows:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Current	14,251	12,872
31-60 days	4,636	148
61-90 days	711	10
Over 90 days	2,175	1,852
	21,773	14,882

11. SHARE CAPITAL

	30 June 2018 (Unaudited)		31 December 2017 (Audited)	
	Number of shares (thousands)	HK\$'000	Number of shares (thousands)	HK\$'000
Authorised:				
Ordinary shares of HK\$0.05 each (the "Shares")	20,000,000	1,000,000	20,000,000	1,000,000

	30 June 2018 (Unaudited)		31 December 2017 (Audited)	
	No of shares (thousands)	HK\$'000	No of shares (thousands)	HK\$'000
Issued and fully paid				
At beginning of the period/year	1,572,517	78,626	1,287,006	64,350
Exercise of share options (<i>Note a</i>)	-	-	30,750	1,538
Placing of new shares (<i>Note b</i>)	-	-	254,761	12,738
At end of the period/year	1,572,517	78,626	1,572,517	78,626

Notes

- (a) During the year ended 31 December 2017, 30,750,000 share option were exercised in March 2017 at exercise price of HK\$0.22 per ordinary share, resulting in the issuance of 30,750,000 ordinary shares of HK\$0.05 each.
- (b) On 9 June 2017, the Company entered into a placing agreement with a placing agent for a best-effort placing of up to 254,761,208 shares at the subscription price of HK\$0.120 per share. The placing was fully subscribed and completed on 26 June 2017. The net proceeds of HK\$30.2 million were intended for general working capital of the Group and repayment of debts, borrowings and promissory notes.

12. COMMITMENTS

Commitments under operating leases

At 30 June 2018, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	
	30 June	31 December
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Within one year	1,086	1,426
In the second to fifth years inclusive	594	–
	1,680	1,426

13. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. There was no material related party transactions during the six months ended 30 June 2018 (2017: Nil).

14. CONTINGENT LIABILITIES

At 30 June 2018, the Group had no material contingent liabilities (at 31 December 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Total revenue of the Group for the six months ended 30 June 2018 (the "Period") amounted to approximately HK\$55,198,000, representing a 431% increase from that of approximately HK\$10,388,000 generated in the corresponding period in 2017. Loss attributable to owners of the Company for the Period was approximately HK\$1,083,000, compared with the loss attributable to owners of the Company in the corresponding period in 2017 in the amount of approximately HK\$4,104,000.

Sapphire watch crystals division

The Group's sapphire watch crystals division did not generate any revenue during the Period (2017: Nil), principally due to the sluggish market of traditional watches resulted from competition of smart watches. In addition, the Group's watch manufacturing facilities need substantial maintenance, upgrade and replacement if the Group is to accept more profitable orders. The Company is continuously exploring opportunities in trading of watches and watch-related components, which are less reliant on intensive capital expenditure.

Optoelectronics products division

The Group's optoelectronics products division recorded a revenue of approximately HK\$1,176,000 during the Period (2017: Nil). The increase in sales in the Period was mainly due to new trading orders received by the Group in respect of watch related components. The Board will continue to monitor the market situation and will continue to explore business opportunities which are less capital-reliant to leverage on the Group's established experience in watch industry.

LED and related portable consumer products division

The Group's LED products division recorded a revenue of approximately HK\$53,097,000 for the Period (2017: HK\$10,388,000). The volume of purchase orders of the Group's LED division sharply rebounded since the second quarter of 2017, principally due to the Group's adoption of new business strategy for the LED division. Since the end of 2017, the Group has launched a new LED related portable consumer product line which is gaining market popularity in Hong Kong and China. We expect to receive recurring and increasing purchase orders for LED and related products in the forthcoming quarters.

Trading of liquor products division

The Group's liquor trading division recorded a revenue of approximately HK\$925,000 (2017: Nil). Last year, the division has suffered from the market downturn of the trading of Chinese liquor in Hong Kong, due to the decreasing demand and consumption of high-end Chinese liquor and the decrease of Chinese visitors to Hong Kong. To cope with the changing market condition, the Group strategically diversified its product range to western liquor and entered into distribution agreements with liquor distributors to maximize its business opportunities. The Group is hopeful that the new business strategy of the liquor division will bring positive contribution to the Group's business in the forthcoming quarters.

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\$61,937,000 as at 30 June 2018 (31 December 2017: approximately HK\$64,547,000), which was mainly resulted from the operating loss for the Period. The Group's current assets amounted to approximately HK\$89,733,000 as at 30 June 2018 (31 December 2017: approximately HK\$85,278,000), of which approximately HK\$12,706,000 (31 December 2017: approximately HK\$42,784,000) was cash and cash equivalents.

As at 30 June 2018, the Group had cash and cash equivalents of approximately HK\$12,706,000 (31 December 2017: approximately HK\$42,784,000), of which approximately 47%, 47% and 6% (31 December 2017: approximately 70%, 28% and 2%) were denominated in Hong Kong dollars, Renminbi and United States dollars ("**USD**") respectively.

As at 30 June 2018, the Group's borrowing comprised the promissory notes amounting to approximately HK\$15,000,000 (31 December 2017: 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 30 June 2018 was 34.6% (31 December 2017: -6.6%). The Group's gearing ratio increased during the period mainly due to increase in operation level which result in decrease in working capital level. Other than the promissory notes of HK\$15,000,000 (31 December 2017: 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 (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 Company has instructed its legal adviser to uphold its rights in the Legal Action and the Counterclaim.
- (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 litigation at the end of the reporting period.

FINANCIAL REVIEW

Total revenue of the Group for the Period amounted to approximately HK\$55,198,000, representing a 431% increase compared with approximately HK\$10,388,000 in the corresponding period in 2017. The increase in revenue was mainly due to the increase in sales of LED and related portable consumer products. Loss attributable to owners of the Company for the Period was approximately HK\$1,083,000, as compared with loss attributable to owners of approximately HK\$4,104,000 in the corresponding period in 2017.

Selling and distribution costs, administrative and other operating expenses for the Period were approximately HK\$6,426,000, representing an increase of approximately HK\$1,204,000 or 23% compared with the same period last year. The increase was mainly due to the increase in operating expenses to cope with the increased business operations.

Employees and remuneration policies

As at 30 June 2018, the Group had 81 employees (31 December 2017: 67). 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\$2,746,367 (2017: approximately HK\$1,458,000).

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 30 June 2018, the Group had no pledge of assets and contingent liabilities (31 December 2017: Nil).

Event after reporting period

There were no important events affecting the Group which have occurred since the end of the Period.

PROSPECTS

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.

The Group had started its LED lighting business since 2014. During these years, LED lighting products become more and more popular, but the competition of LED manufacturing and trading industry in China was severe. Smaller LED producers have been struggling in the price war, squeezing profit margin to a dangerously low level. To survive the competition, the Group has decided to upgrade its production methodology. By the end of 2016, the Group successfully obtained TUV accreditation for our LED lighting devices. Since then, the Group has secured more contracts with more customers, and commenced shipment and delivery of these new orders since the second half of 2017. To cope with the increased orders, two phases of production line expansion were conducted in the third quarter of 2017 and the first quarter of 2018, respectively. With the launch of the new LED related portable consumer product line at the end of 2017, the Board and the management are hopeful that the financial performance of the division will continue to improve in the forthcoming quarters in 2018.

In 2017, the Group adjusted the business strategy of our liquor trading division, through diversifying our product range to include not only Chinese liquor but also western red wine, brandy and whisky and entering into distribution agreements with business partners in China to diversify our sales channels. The Company and the management are hopeful that the new business strategy of the liquor division will contribute positively to the Group's business in 2018.

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 2018, 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 2018.

As at 30 June 2018, 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.

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 2018, 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 2018.

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 2018, had an interest or short position in the Shares and underlying Shares.

PURCHASE, SALE OR REDEMPTION OF the company's 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 Guoni (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, 10 August 2018

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>).