



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  
2019

## **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.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this interim report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this interim report.*

*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\$51.7 million for the six months ended 30 June 2019.
2. The Group has recorded a net loss attributable to the owners of the Company for the six months ended 30 June 2019 of approximately HK\$3.0 million, representing a basic loss per share of HK cent 0.19.
3. The Board does not recommend the payment of any dividend for the six months ended 30 June 2019.

## 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 2019 together with the relevant comparative unaudited figures as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Notes	Three months ended 30 June		Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	43,479	33,457	51,744	55,198
Cost of sales		(41,048)	(31,668)	(48,172)	(49,853)
<b>Gross profit</b>		<b>2,431</b>	1,789	<b>3,572</b>	5,345
Other income and gains		2,436	11	2,441	20
Selling and distribution costs		(112)	(33)	(185)	(88)
Administrative and other operating expenses		(4,079)	(3,756)	(6,485)	(6,338)
<b>Profit/(loss) from operations</b>		<b>676</b>	(1,989)	<b>(657)</b>	(1,061)
Finance costs		(1,802)	–	(1,806)	–
<b>Loss before income tax</b>	5	<b>(1,126)</b>	(1,989)	<b>(2,463)</b>	(1,061)
Income tax expense	6	(500)	(7)	(573)	(22)
<b>Loss for the period attributable to the owners of the Company</b>		<b>(1,626)</b>	(1,996)	<b>(3,036)</b>	(1,083)
<b>Loss per share attributable to the owners of the Company</b>					
– Basic (HK cents)	8	(0.10)	(0.13)	(0.19)	(0.07)
– Diluted (HK cents)	8	(0.10)	(0.13)	(0.19)	(0.07)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Loss for the period</b>	<b>(1,626)</b>	(1,996)	<b>(3,036)</b>	(1,083)
<b>Other comprehensive income, net of tax</b>				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Exchange differences on translation of the foreign subsidiaries	<b>(1,620)</b>	(3,352)	<b>(66)</b>	(1,527)
<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	<b>(10)</b>	–	<b>(1)</b>	–
	<b>(1,630)</b>	(3,352)	<b>(67)</b>	(1,527)
<b>Total comprehensive loss attributable to the owners of the Company</b>	<b>(3,256)</b>	(5,348)	<b>(3,103)</b>	(2,610)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	3,873	3,730
Right-of-use assets		881	–
Investment property		13,729	13,741
Financial assets at fair value through other comprehensive income		331	332
Other financial assets carried at amortised cost	10	170	171
<b>Total non-current assets</b>		<b>18,984</b>	17,974
<b>Current assets</b>			
Inventories		9,815	6,223
Trade receivables and other financial assets carried at amortised cost	10	100,983	88,136
Other current assets		4,307	1,320
Cash and cash equivalents		3,647	5,014
<b>Total current assets</b>		<b>118,752</b>	100,693
<b>Total assets</b>		<b>137,736</b>	118,667
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital		78,626	78,626
Reserves		(29,112)	(26,009)
<b>Total equity</b>		<b>49,514</b>	52,617
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		1,047	1,048
Lease liabilities		177	–
Other borrowings		3,000	–
<b>Total non-current liabilities</b>		<b>4,224</b>	1,048
<b>Current liabilities</b>			
Trade and other payables	11	65,290	46,687
Contract liabilities	4	1,035	1,036
Lease liabilities		716	–
Current tax liabilities		1,957	2,279
Promissory notes		15,000	15,000
<b>Total current liabilities</b>		<b>83,998</b>	65,002
<b>Total liabilities</b>		<b>88,222</b>	66,050
<b>Total equity and liabilities</b>		<b>137,736</b>	118,667

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended	
	30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash outflow from operating activities	(3,446)	(28,927)
Net cash outflow from investing activities	(359)	(144)
Net cash inflow from financing activities	2,424	–
<b>Net decrease in cash and cash equivalents</b>	<b>(1,381)</b>	<b>(29,071)</b>
Cash and cash equivalents at 1 January	5,014	42,784
Currency translation difference	14	(1,007)
<b>Cash and cash equivalents at 30 June</b>	<b>3,647</b>	<b>12,706</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	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
<b>For the six months ended 30 June 2018</b>											
As at 1 January 2018 (Audited)	78,626	491,228	-	(2,133)	8,762	-	-	(511,132)	65,351	(804)	64,547
<b>Comprehensive income</b>											
Loss for the period	-	-	-	-	-	-	-	(1,083)	(1,083)	-	(1,083)
<b>Other comprehensive income</b>											
Exchange difference on translation of the foreign subsidiaries	-	-	-	(1,527)	-	-	-	-	(1,527)	-	(1,527)
Total comprehensive loss for the period	-	-	-	(1,527)	-	-	-	(1,083)	(2,610)	-	(2,610)
As at 30 June 2018 (Unaudited)	78,626	491,228	-	(3,660)	8,762	-	-	(512,215)	62,741	(804)	61,937
<b>For the six months ended 30 June 2019</b>											
As at 1 January 2019 (Audited)	78,626	491,228	(762)	(6,606)	8,762	(776)	436	(518,291)	52,617	-	52,617
<b>Comprehensive income</b>											
Loss for the period	-	-	-	-	-	-	-	(3,036)	(3,036)	-	(3,036)
<b>Other comprehensive income</b>											
Exchange difference on translation of the foreign subsidiaries	-	-	-	(66)	-	-	-	-	(66)	-	(66)
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Total comprehensive loss for the period	-	-	(1)	(66)	-	-	-	(3,036)	(3,103)	-	(3,103)
As at 30 June 2019 (Unaudited)	78,626	491,228	(763)	(6,672)	8,762	(776)	436	(521,327)	49,514	-	49,514



# 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 for the six months ended 30 June 2019 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM (the “**GEM Listing Rules**”) and should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

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

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. CHANGES IN ACCOUNTING POLICIES

The accounting policies and method of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in preparing the audited financial statements for the year ended 31 December 2018. 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 2019. Except for HKFRS 16 *Leases*, 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.

#### HKFRS 16 *Leases*

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 January 2019.

#### 3.1 Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.25%.

	<b>As at</b> <b>1 January 2019</b> <i>HK\$'000</i> (Unaudited)
Operating lease commitments disclosed as at 31 December 2018	1,175
Discounted using the lessee's incremental borrowing rate of at the date of initial application	270
Less: short-term or low-value leases recognised on a straight-line basis as expense	(56)
<b>Lease liabilities recognised as at 1 January 2019</b>	<b>1,389</b>
Of which are:	
Current lease liabilities	880
Non-current lease liabilities	509
	<b>1,389</b>

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 1 January 2019 HK\$'000 (Unaudited)
Properties	<b>881</b>	1,389

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 January 2019:

	HK\$'000 (Unaudited)
<b>Assets</b>	
Increase in right of-of-use assets	1,389
<b>Increase in total assets</b>	<b>1,389</b>
<b>Liabilities</b>	
Increase in lease liabilities	1,389
<b>Increase in total liabilities</b>	<b>1,389</b>

***Practical expedients applied***

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard: the use of a single discount rate to a portfolio of leases with reasonably similar characteristics reliance on previous assessments on whether leases are onerous the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 *Determining whether an Arrangement contains a Lease*.

### 3.2 The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses and staff quarter. Rental contracts are typically made for fixed periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

#### 4. 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, finance costs, change in fair value of investment property, share of results of investment accounted for using the equity method, 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 2019

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2019</b>					
<b>(Unaudited)</b>					
<b>Segment revenue:</b>					
Sales to external customers	51,132	-	612	-	51,744
<b>Segment results</b>	<b>3,529</b>	<b>-</b>	<b>26</b>	<b>-</b>	<b>3,555</b>
Unallocated:					
Unallocated corporate income					8
Unallocated corporate expenses					(1,253)
- staff costs					(4,773)
- others					
Loss before income tax					(2,463)
<b>As at 30 June 2019</b>					
Segment assets	116,167	219	2,719	-	119,105
Unallocated:					
Cash and cash equivalents					3,647
Investment property					13,729
Financial assets at fair value through other comprehensive income					331
Other unallocated assets					924
Total assets					137,736
Segment liabilities	(60,149)	(5,188)	(29)	(32)	(65,398)
Unallocated:					
Promissory notes					(15,000)
Other borrowings					(3,000)
Current tax liabilities					(1,957)
Deferred income tax liabilities					(1,047)
Other unallocated liabilities					(1,820)
Total liabilities					(88,222)
<b>Other segment information:</b>					
Capital expenditure	(367)	-	-	-	(367)
Interest income	7	-	1	-	8
Finance cost	-	-	-	(1,806)	(1,806)
Depreciation	(201)	-	-	(527)	(728)
Income tax expense	(566)	-	(7)	-	(573)
Reversal of impairment for trade receivables	2,250	-	-	-	2,250

## Six months ended 30 June 2018

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Total HK\$'000
--	-----------------	----------------------------	--------------------	----------------------	-------------------

### Six months ended 30 June 2018

(Unaudited)

#### Segment revenue:

Sales to external customers	53,097	1,176	925	–	55,198
-----------------------------	--------	-------	-----	---	--------

#### Segment results

	3,373	(121)	79	(6)	3,325
--	-------	-------	----	-----	-------

Unallocated:

Unallocated corporate income					16
Unallocated corporate expenses					
– staff costs					(1,271)
– others					(3,131)

Loss before income tax

(1,061)

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Unallocated HK\$'000	Total HK\$'000
--	-----------------	----------------------------	--------------------	----------------------	-------------------------	-------------------

#### Other segment information:

Capital expenditure	(160)	–	–	–	–	(160)
Interest income	16	–	–	–	–	16
Depreciation	(172)	–	–	(1)	(16)	(189)
Income tax expense	–	–	–	(22)	–	(22)

## At as 31 December 2018

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Total HK\$'000
--	-----------------	----------------------------	--------------------	----------------------	-------------------

### As at 31 December 2018 (Audited)

Segment assets	98,569	1,045	3,863	–	103,477
----------------	--------	-------	-------	---	---------

Unallocated:

Cash and cash equivalents					621
Investment property					13,741
Financial assets at fair value through other comprehensive income					332
Other unallocated assets					496

Total assets

118,667

Segment liabilities	(40,678)	(5,188)	(22)	(32)	(45,920)
---------------------	----------	---------	------	------	----------

Unallocated:

Promissory notes					(15,000)
Current tax liabilities					(2,279)
Deferred income tax liabilities					(1,048)
Other unallocated liabilities					(1,803)

Total liabilities

(66,050)

## Geographical information

(a) Revenue from external customers

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
The PRC	<b>47,880</b>	54,279
Hong Kong	<b>3,864</b>	919
	<b>51,744</b>	55,198

(b) Non-current assets

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
PRC	<b>17,664</b>	17,518
Hong Kong	<b>108</b>	124
	<b>17,772</b>	17,642

The non-current assets information above is based on the locations of the assets and excludes financial assets at fair value through other comprehensive income.

## Contract liabilities

The balances represent the receipt in advance from customers. The Group recognised the following revenue-related contract liabilities:

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Contract liabilities	<b>1,035</b>	1,036

(i) Significant change in contract liabilities

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance under the contracts which are mainly from sales of LED products.



- (ii) Unsatisfied contracts

The Group select to choose a practical expedient and omit disclosure of remaining performance obligations as all related contracts have a duration of one year or less.

## 5. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after crediting/(charging):

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	(219)	(189)
Depreciation of right-of-use assets	(509)	–
Employee benefit expense (including Directors' emoluments)	(2,678)	(2,746)
Reversal of impairment for trade receivables	2,250	–

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Provision for current tax		
– Hong Kong Profits Tax	37	9
– PRC Corporate Income Tax ("CIT")	536	13
	573	22

Hong Kong Profits Tax has been provided for as there is business operation that is subject to Hong Kong profits tax. It has been provided for at the rate of 8.25% (six months ended 30 June 2018: 8.25%) for the first HK\$2,000,000 and 16.5% (six months ended 30 June 2018: 16.5%) of the remaining estimated assessable profit for the six months ended 30 June 2019.

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 2018: 25%) unless preferential tax rates were applicable (six months ended 30 June 2018: same).

There were no material unrecognised deferred tax assets and liabilities as at 30 June 2019 (31 December 2018: Nil).

## 7. INTERIM DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

## 8. 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	
	2019 (Unaudited)	2018 (Unaudited)
Loss attributable to the owners of the Company ( <i>HK\$'000</i> )	<b>(3,036)</b>	(1,083)
Weighted average number of ordinary shares in issue ( <i>thousand shares</i> )	<b>1,572,517</b>	1,572,517
Basic loss per share attributable to owners of the Company ( <i>HK cents</i> )	<b>(0.19)</b>	(0.07)

### (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 2019, 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 2018: Same).

## 9. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Opening net book amount as at 1 January	3,730	4,366
Additions	367	160
Depreciation	(219)	(189)
Currency translation difference	(5)	(9)
Closing net book amount as at 30 June	<b>3,873</b>	4,328

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

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
	Trade receivables	102,851
Less: Provision for impairment	(3,039)	(5,213)
Trade receivables, net	<b>99,812</b>	86,987
Other financial assets carried at amortised cost	10,567	10,546
Less: Provision for impairment	(9,226)	(9,226)
Other financial assets carried at amortised cost, net	<b>1,341</b>	1,320
Total	<b>101,153</b>	88,307
Less: Amounts classified as non-current portion	(170)	(171)
Current portion	<b>100,983</b>	88,136

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:

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
Current	<b>18,784</b>	8,225
31-60 days	<b>17,470</b>	8,694
61-90 days	<b>11,254</b>	9,528
Over 90 days	<b>55,343</b>	65,753
	<b>102,851</b>	92,200

#### 11. TRADE AND OTHER PAYABLES

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
Trade payables	<b>57,002</b>	37,320
Other payables and accruals	<b>8,288</b>	9,367
	<b>65,290</b>	46,687

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

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
Current	<b>19,001</b>	7,991
31-60 days	<b>16,366</b>	4,796
61-90 days	<b>9,994</b>	8,492
Over 90 days	<b>11,641</b>	16,041
	<b>57,002</b>	37,320

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

## 12. SHARE CAPITAL

	Number of shares ( <i>thousand shares</i> )	Ordinary share of HK\$0.05 each  <i>HK\$'000</i>
Ordinary shares issued and fully paid:		
At 30 June 2018, 1 January 2019 and 30 June 2019	1,572,517	78,626

## 13. CONTINGENT LIABILITIES

At 30 June 2019, the Group had no material contingent liabilities (31 December 2018: 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 2019 (the "**Period**"), the total revenue of the Group amounted to approximately HK\$51.7 million, representing a 6.3% decrease compared with approximately HK\$55.2 million for the six months ended 30 June 2018 (the "**Comparative Period**"). Loss attributable to the owners of the Company for the Period was approximately HK\$3.0 million representing a 172.7% increase, compared with that of approximately HK\$1.1 million in the Comparative Period.

#### Revenue

##### *LED and related products division*

The Group's LED and related products division recorded a revenue of approximately HK\$51.1 million for the Period (Comparative Period: HK\$53.1 million) representing a slight decrease of 3.8%.

In the first quarter of 2019, the Group suffered a shortage of certain semiconductor component, in response to which the Group's technical team adjusted its product design to accommodate substitute components from alternative sources. With the effort of the Group's technical team, new product designs were launched in the second quarter of 2019, signifying the resolution of the raw material shortage problem and the restoration to normal of the sales of LED and related products in the second quarter of 2019. The revenue of the Group's LED and related products division during the three months ended 30 June 2019 hit the record-breaking level of HK\$43.1 million, principally due to catch-up orders which was accumulated by our customers during the raw material shortage period in the first quarter of 2019.

In 2018, the Group diversified the LED product range from LED lighting to other LED-driven smart-home and smart-office appliances such as handheld projectors. The Group will continue to diversify its product range with the view to strengthening the Group's resistance towards downturn factors such as raw material shortage or change of customer appetite. To cope with the increased purchase orders of our LED and related products, we outsourced part of our manufacturing processes to external suppliers to increase our flexibility amidst the uncertain outlook of China-US trade relationship.

##### *Optoelectronics products division*

The Group's optoelectronics products division did not generate any revenue during the Period (Comparative Period: HK\$1.2 million). The divisions performance remains weak due to the sluggish market of traditional watches. 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. Pending the next investment or business cycle of the division, the Company has made internal adjustments of human resources to focus on the LED division and to explore the combination of our experience in optoelectronic and LED industries to develop LED optoelectronic products.

#### *Trading of liquor products division*

The Group's liquor trading division recorded a revenue of approximately HK\$0.6 million (Comparative Period: HK\$0.9 million). With coming into light of China-US trade tension since 2018, the Group slowed down the business development of its new liquor business, pending the clarification of China-US trade tension and the stabilization of bonded warehouse rental charges, 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. The Group is exploring opportunities in trading of watches and watch-related components, in order to resume the segment business but to avoid intensive capital expenditure.

### **Administrative and other operating expenses**

Total administrative and other operating expenses were approximately HK\$6.5 million for the Period (Comparative Period: approximately HK\$6.3 million), representing a slight increase of HK\$0.2 million. Such increase was primarily due to the increase in legal and professional fees 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 trade and other payables, promissory notes and other borrowings, less cash and cash equivalents. Total capital is calculated as total equity plus net debt. As at 30 June 2019, the Group's gearing ratio was 61.7% (31 December 2018: 51.9%).

The current ratio, being the ratio of current assets to current liabilities, was approximately 1.4 times as at 30 June 2019 (31 December 2018: 1.5 times).

The total equity of the Group were decreased to approximately HK\$49.5 million as at 30 June 2019 (31 December 2018: approximately HK\$52.6 million), which was mainly resulted from the operating loss for the Period. The Group's current assets amounted to approximately HK\$118.8 million as at 30 June 2019 (31 December 2018: approximately HK\$100.7 million), of which approximately HK\$3.6 million (31 December 2018: approximately HK\$5.0 million) was cash and cash equivalents.

As at 30 June 2019, the Group had cash and cash equivalents of approximately HK\$3.6 million (31 December 2018: approximately HK\$5.0 million), of which approximately 55%, 32% and 13% (31 December 2018: approximately 51%, 40% and 9%) were denominated in Renminbi (“**RMB**”), Hong Kong dollars (“**HKD**”) and United States dollars (“**USD**”) respectively.

As at 30 June 2019, all other borrowing and promissory notes of the Group bore fixed interest rates, the maturity and currency profile is set out as follows:

	<b>Within 1 year</b>	<b>2nd year</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Dollars	15,000	3,000	18,000

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.

#### **Employees and remuneration policies**

As at 30 June 2019, the Group had 66 employees (31 December 2018: 58). 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\$2.7 million (Comparative Period: approximately HK\$2.7 million).

#### **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.

#### **Pledge of assets**

As at 30 June 2019, the Group had no pledge of assets (31 December 2018: Nil).

#### **Contingent liabilities**

As at 30 June 2019, the Group had no material contingent liabilities (31 December 2018: Nil).



## 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.

## 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.

With the coming into light of China-US trade tension in 2018, the Group has focused most of its management efforts in adapting itself and adjusting its product design to enhance flexibility. Internally, the Group has adopted a more conservative strategy in production line expansion and recruitment plan to limit our risk exposure. The Company also tried to diversify its online and offline sales channels by cooperating with established industry players. The Company will actively protect the outcome of our technical team by registration of intellectual properties.

The management would monitor closely the development and impact of the China-US trade tension on the Group's LED business. When the situation stabilizes, the Group will endeavor to allocate the resources for the next stage expansion and development of the LED and related products business in an efficient and effective manner and in the best interest of the Group 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 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 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 2019, 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 2019.

As at 30 June 2019, 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 2019, 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 2019.

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 2019, 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, 9 August 2019

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](http://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>).*