



**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**



THIRD QUARTERLY 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.**

*This 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 for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## QUARTERLY 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 nine months ended 30 September 2019 together with the relevant comparative unaudited figures as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months ended 30 September 2019

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	4	52,553	44,349	104,297	99,547
Cost of sales		(48,537)	(40,908)	(96,709)	(90,761)
<b>Gross profit</b>		<b>4,016</b>	3,441	<b>7,588</b>	8,786
Other income and other gains net		371	6	2,812	26
Selling and distribution costs		(411)	(17)	(596)	(105)
Administrative and other operating expenses		(2,500)	(2,909)	(8,985)	(9,247)
<b>Profit/(loss) from operations</b>		<b>1,476</b>	521	<b>819</b>	(540)
Finance costs		(126)	-	(1,932)	-
<b>Profit/(loss) before taxation</b>		<b>1,350</b>	521	<b>(1,113)</b>	(540)
Income tax expense	5	(171)	-	(744)	(22)
<b>Profit/(loss) for the period</b>		<b>1,179</b>	521	<b>(1,857)</b>	(562)
<b>Profit/(loss) for the period attributable to:</b>					
- Owners of the Company		377	521	(2,659)	(562)
- Non-controlling interests		802	-	802	-
		<b>1,179</b>	521	<b>(1,857)</b>	(562)
<b>Earnings/(loss) per share attributable to owners of the Company</b>					
- Basic (HK cents)	7	0.02	0.03	(0.17)	(0.04)
- Diluted (HK cents)	7	0.02	0.03	(0.17)	(0.04)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2019

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Profit/(loss) for the period</b>	<b>1,179</b>	521	<b>(1,857)</b>	(562)
<b>Other comprehensive loss, 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>(2,204)</b>	(534)	<b>(2,270)</b>	(2,061)
<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>(9)</b>	–	<b>(10)</b>	–
	<b>(2,213)</b>	(534)	<b>(2,280)</b>	(2,061)
<b>Total comprehensive loss for the period, net of tax</b>	<b>(1,034)</b>	(13)	<b>(4,137)</b>	(2,623)
<b>Total comprehensive loss for the period attributable to:</b>				
– Owners of the Company	<b>(1,836)</b>	(13)	<b>(4,939)</b>	(2,623)
– Non-controlling interests	<b>802</b>	–	<b>802</b>	–
	<b>(1,034)</b>	(13)	<b>(4,137)</b>	(2,623)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 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 nine 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	-	-	-	-	-	-	-	(562)	(562)	-	(562)
<b>Other comprehensive income</b>											
Exchange difference on translation of the foreign subsidiaries	-	-	-	(2,061)	-	-	-	-	(2,061)	-	(2,061)
Total comprehensive loss for the period	-	-	-	(2,061)	-	-	-	(562)	(2,623)	-	(2,623)
As at 30 September 2018 (Unaudited)	78,626	491,228	-	(4,194)	8,762	-	-	(511,694)	62,728	(804)	61,924
<b>For the nine 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	-	-	-	-	-	-	-	(2,659)	(2,659)	802	(1,857)
<b>Other comprehensive income</b>											
Exchange difference on translation of the foreign subsidiaries	-	-	-	(2,270)	-	-	-	-	(2,270)	-	(2,270)
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	(10)	-	-	-	-	-	(10)	-	(10)
Total comprehensive loss for the period	-	-	(10)	(2,270)	-	-	-	(2,659)	(4,939)	802	(4,137)
<b>Transaction with owners in their capacity</b>											
Non-controlling interests arising from business combination	-	-	-	-	-	-	-	-	-	3,273	3,273
As at 30 September 2019 (Unaudited)	78,626	491,228	(772)	(8,876)	8,762	(776)	436	(520,950)	47,678	4,075	51,753

## 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 AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the nine months ended 30 September 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 this 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 unaudited condensed 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 from 1 January 2019. In accordance with the transition provisions of HKFRS 16, the Group has adopted the modified retrospective application for existing leases at 1 January 2019 with certain transition reliefs, and under which comparative figures are not restated. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening unaudited condensed 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 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	28
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>1,147</b>
Of which are:	
Current lease liabilities	638
Non-current lease liabilities	509
	<b>1,147</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 September 2019 HK\$'000 (Unaudited)</b>	As at 1 January 2019 HK\$'000 (Unaudited)
Properties	<b>4,309</b>	1,147

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	1,147
<b>Increase in total assets</b>	<b>1,147</b>
<b>Liabilities</b>	
Increase in lease liabilities	1,147
<b>Increase in total liabilities</b>	<b>1,147</b>

***Practical expedients applied***

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard: (i) the use of a single discount rate to a portfolio of leases with reasonably similar characteristics; and (ii) for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

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 factories, offices 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. REVENUE

The Group's revenue represents the sales of goods supplied to customers, net of discount and sales related tax as follows:

	Nine months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
LED and related products	103,676	96,602
Optoelectronic products	–	1,992
Liquor products	621	953
Sapphire watch crystals	–	–
	<b>104,297</b>	<b>99,547</b>

#### 5. INCOME TAX EXPENSE

	Nine months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>Provision for current tax</b>		
– Hong Kong profits tax	9	9
– PRC Corporate Income Tax ("CIT")	735	13
	<b>744</b>	<b>22</b>

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% (nine months ended 30 September 2018: 8.25%) for the first HK\$2,000,000 and 16.5% (nine months ended 30 September 2018: 16.5%) of the remaining estimated assessable profit for the nine months ended 30 September 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% (nine months ended 30 September 2018: 25%) unless preferential tax rates were applicable (nine months ended 30 September 2018: same).

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

## 6. INTERIM DIVIDEND

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

## 7. LOSS PER SHARE

### (a) Basic

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

	<b>Nine months ended 30 September</b>	
	<b>2019</b>	2018
	<b>(Unaudited)</b>	(Unaudited)
Loss attributable to owners of the Company (HK\$'000)	<b>1,857</b>	562
Weighted average number of shares deemed to be in issue (thousand shares)	<b>1,572,517</b>	1,572,517
Basic loss per share attributable to the owners of the Company (HK cents)	<b>0.17</b>	0.04

### (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 nine months ended 30 September 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 (nine months ended 30 September 2018: Same).

## 8. CONTINGENT LIABILITIES

As at 30 September 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 nine months ended 30 September 2019 (the "**Period**"), the total revenue of the Group amounted to approximately HK\$104.3 million, representing a 4.8% increase compared with approximately HK\$99.5 million for the nine months ended 30 September 2018 (the "**Comparative Period**"). Loss attributable to the owners of the Company for the Period was approximately HK\$1.9 million, representing an increase of HK\$1.3 million as compared with that of approximately HK\$0.6 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\$103.7 million for the Period (Comparative Period: HK\$96.6 million) representing an increase of 7.3%.

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\$2.0 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\$1.0 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\$9.0 million for the Period (Comparative Period: approximately HK\$9.2 million), representing a slight decrease of HK\$0.2 million. Such decrease was primarily due to the cost control measures adopted by the management to control the expenditure of the Group.

## 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 September 2019, the Group's gearing ratio was 70.1% (31 December 2018: 51.9%).

The current ratio, being the ratio of current assets to current liabilities, was approximately 1.2 times as at 30 September 2019 (31 December 2018: 1.5 times).

The total equity of the Group were decreased to approximately HK\$51.8 million as at 30 September 2019 (31 December 2018: approximately HK\$52.6 million), which was mainly resulted from operating loss during the Period. The Group's current assets amounted to approximately HK\$182.5 million as at 30 September 2019 (31 December 2018: approximately HK\$100.7 million), of which approximately HK\$21.3 million (31 December 2018: approximately HK\$5.0 million) was cash and cash equivalents.

As at 30 September 2019, the Group had cash and cash equivalents of approximately HK\$21.3 million (31 December 2018: approximately HK\$5.0 million), of which approximately 97%, 3% and 0% (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 September 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
Renminbi	27,205	–	27,205
	42,205	3,000	45,205

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 September 2019, the Group had 92 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\$5.0 million (Comparative Period: approximately HK\$4.6 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 September 2019, the Group had no pledge of assets (31 December 2018: Nil).

### **Contingent liabilities**

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

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

During the Period, the Group has completed an acquisition of a subsidiary which is individually immaterial to the Group. Save as mentioned above, 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**

As at 30 September 2019, the interests and short positions of the Directors and the chief executive of the Company (the “Chief Executive”) 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 required: (a) 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, to be entered in the register referred to therein (the “Register”); or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, 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 Company's 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 Company's issued Shares as at 30 September 2019.

As at 30 September 2019, save as disclosed above, none of the Directors and the Chief Executive had any interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would have to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions in which they were taken or deemed to have under such provisions of the SFO); or (b) recorded in the Register; or (c) notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

## DIRECTORS' RIGHT TO ACQUIRE SHARES

At no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors or their respective spouse or minor children to acquire such rights in the Company or any other body corporate.

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

As at 30 September 2019, so far as the Directors are aware, the persons (other than a Director or the Chief Executive) who 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 or were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or were substantial shareholders as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name of shareholder	Capacity/Nature of interests	Number of Underlying Shares Held	Long/Short Position	Approximate percentage of the Company's 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 Company's issued Shares as at 30 September 2019.

So far as is known to any Director, there was no person (other than a Director or the Chief Executive) who, as at 30 September 2019, had an interest or short position in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or were any other substantial shareholders whose interest or short position were recorded in the register required to be kept by the Company under section 336 of the SFO.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

## **DIRECTORS' SECURITIES TRANSACTIONS**

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 and 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 and controlling shareholders (as defined in the GEM Listing Rules) of the Company or 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 an 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 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 the 2019 third quarterly report have been reviewed by the Audit Committee. The Audit Committee considered that the relevant financial statements had been prepared in compliance with the applicable accounting 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**  
*Executive Director and Chairman*

Hong Kong, 13 November 2019

*As at the date of this report, the Board comprises Mr. Wong Kin Hong (Chairman), Mr. Huang Yonghua, Mr. Wong Tat Wa and Ms. Leung Po Yee as executive Directors; and Mr. Yan Guoniu, Mr. Tang Rong Gang, Mr. Ou Wei An and Mr. Ng Yu Ho, Steve as independent non-executive Directors.*

*This 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 report will also be published on the website of the Company (<http://www.victoryhousefp.com/lchp/8150.html>).*