



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
2020

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\$19.8 million for the six months ended 30 June 2020.
2. The Group has recorded a net loss attributable to the owners of the Company for the six months ended 30 June 2020 of approximately HK\$7.1 million, representing a basic loss per share of HK cent 0.45.
3. The Board does not recommend the payment of any dividend for the six months ended 30 June 2020.

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 2020 together with the relevant comparative unaudited figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	11,196	43,479	19,796	51,744
Cost of sales		(10,857)	(41,048)	(18,784)	(48,172)
Gross profit		339	2,431	1,012	3,572
Other income and gains		119	2,436	140	2,441
Selling and distribution costs		(56)	(112)	(265)	(185)
Administrative and other operating expenses		(3,711)	(4,079)	(6,974)	(6,485)
Profit/(loss) from operations		(3,309)	676	(6,087)	(657)
Finance costs		(535)	(1,802)	(1,120)	(1,806)
Loss before income tax	4	(3,844)	(1,126)	(7,207)	(2,463)
Income tax expense	5	-	(500)	-	(573)
Loss for the period		(3,844)	(1,626)	(7,207)	(3,036)
Profit/(loss) for the period attributable to:					
- Owners of the Company		(3,918)	(1,626)	(7,066)	(3,036)
- Non-controlling interests		74	-	(141)	-
		(3,844)	(1,626)	(7,207)	(3,036)
Loss per share attributable to the owners of the Company					
- Basic (HK cents)	7	(0.25)	(0.10)	(0.45)	(0.19)
- Diluted (HK cents)	7	(0.25)	(0.10)	(0.45)	(0.19)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period	(3,844)	(1,626)	(7,207)	(3,036)
Other comprehensive income, net of tax				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Exchange differences on translation of the foreign subsidiaries	133	(1,620)	(1,087)	(66)
<i>Items that will not be reclassified to profit or loss:</i>				
Changes in the fair value of financial assets at fair value through other comprehensive income	(2)	(10)	(23)	(1)
	131	(1,630)	(1,110)	(67)
Total comprehensive loss	(3,713)	(3,256)	(8,317)	(3,103)
Total comprehensive loss for the period attributable to:				
– Owners of the Company	(3,787)	(3,256)	(8,176)	(3,103)
– Non-controlling interests	74	–	(141)	–
	(3,713)	(3,256)	(8,317)	(3,103)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Unaudited)
ASSETS			
Non-current assets			
Property, plant and equipment	8	8,139	8,988
Right-of-use assets	9	3,136	3,937
Investment property		12,097	12,321
Financial assets at fair value through other comprehensive income		318	341
Other financial assets carried at amortised cost	10	177	168
Total non-current assets		23,867	25,755
Current assets			
Inventories		7,195	8,545
Trade receivables and other financial assets carried at amortised cost	10	35,061	61,552
Other current assets		61,409	20,151
Cash and cash equivalents		2,234	11,141
Total current assets		105,899	101,389
Total assets		129,766	127,144
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital	12	78,626	78,626
Reserves		(46,875)	(38,699)
Non-controlling interests		31,751	39,927
		2,507	2,648
Total equity		34,258	42,575
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		929	947
Lease liabilities		2,177	2,866
Other borrowings		-	3,000
Total non-current liabilities		3,106	6,813
Current liabilities			
Trade and other payables	11	31,363	29,654
Contract liabilities		9,071	1,164
Lease liabilities		1,324	1,428
Current tax liabilities		1,994	2,307
Promissory notes		15,000	15,000
Other borrowings		33,650	28,203
Total current liabilities		92,402	77,756
Total liabilities		95,508	84,569
Total equity and liabilities		129,766	127,144

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash outflow from operating activities	(9,723)	(3,446)
Net cash outflow from investing activities	(347)	(359)
Net cash inflow from financing activities	1,096	2,424
Net decrease in cash and cash equivalents	(8,974)	(1,381)
Cash and cash equivalents at 1 January	11,141	5,014
Currency translation difference	67	14
Cash and cash equivalents at 30 June	2,234	3,647

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to the owners of the Company										
	Share capital	Share premium	Financial assets at fair value through other comprehensive income reserve	Exchange reserve	Share-based payment reserve	Other reserve	Statutory reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended 30 June 2019											
As at 1 January 2019 (Audited)	78,626	491,228	(762)	(6,606)	8,762	(776)	436	(518,291)	52,617	-	52,617
Comprehensive income											
Loss for the period	-	-	-	-	-	-	-	(3,036)	(3,036)	-	(3,036)
Other comprehensive income											
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
For the six months ended 30 June 2020											
As at 1 January 2020 (Unaudited)	78,626	491,228	(753)	(7,930)	8,762	(776)	436	(529,666)	39,927	2,648	42,575
Comprehensive income											
Loss for the period	-	-	-	-	-	-	-	(7,066)	(7,066)	(141)	(7,207)
Other comprehensive income											
Exchange difference on translation of the foreign subsidiaries	-	-	-	(1,087)	-	-	-	-	(1,087)	-	(1,087)
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	(23)	-	-	-	-	-	(23)	-	(23)
Total comprehensive loss for the period	-	-	(23)	(1,087)	-	-	-	(7,066)	(8,176)	(141)	(8,317)
As at 30 June 2020 (Unaudited)	78,626	491,228	(776)	(9,017)	8,762	(776)	436	(536,732)	31,751	2,507	34,258

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF PREPARATION

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

The accounting policies and method of computation used in the preparation of these results are consistent with those used in the annual financial statements for the year ended 31 December 2019. 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 2020. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the consolidated financial statements and does not result in substantial changes to the Group’s accounting policies.

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

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

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

3. SEGMENT INFORMATION

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

There are four operating segments as follows:

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

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

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

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

Six months ended 30 June 2020

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Total HK\$'000
Six months ended 30 June 2020					
(Unaudited)					
Segment revenue:					
Sales to external customers	17,909	1,847	40	-	19,796
Segment results	(2,259)	(637)	(171)	-	(3,067)
Unallocated:					
Unallocated corporate income					5
Unallocated corporate expenses					(947)
- staff costs					(947)
- others					(3,193)
Loss before income tax					(7,207)
As at 30 June 2020					
Segment assets	112,919	366	2,793	-	116,078
Unallocated:					
Cash and cash equivalents					194
Investment property					12,097
Financial assets at fair value through other comprehensive income					318
Other unallocated assets					1,079
Total assets					129,766
Segment liabilities	(32,352)	(5,883)	(53)	-	(38,288)
Unallocated:					
Promissory notes					(15,000)
Other borrowings					(33,650)
Current tax liabilities					(1,994)
Deferred income tax liabilities					(929)
Other unallocated liabilities					(5,647)
Total liabilities					(95,508)
Other segment information:					
Capital expenditure	(352)	-	-	-	(352)
Finance cost	(79)	-	-	(1,041)	(1,120)
Depreciation	(1,538)	-	-	(220)	(1,758)
Income tax expense	-	-	-	-	-
Provision of impairment for trade receivables	(662)	-	-	-	(662)

Six months ended 30 June 2019

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Total HK\$'000
Six months ended 30 June 2019 (Unaudited)					
Segment revenue:					
Sales to external customers	51,132	–	612	–	51,744
Segment results	3,529	–	26	–	3,555
Unallocated:					
Unallocated corporate income					8
Unallocated corporate expenses					(1,253)
– staff costs					(4,773)
– others					
Loss before income tax					(2,463)

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Unallocated HK\$'000	Total HK\$'000
Other segment information:						
Capital expenditure	(367)	–	–	–	–	(367)
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

At as 31 December 2019

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Total HK\$'000
As at 31 December 2019 (Unaudited)					
Segment assets	110,629	246	2,761	–	113,636
Unallocated:					
Cash and cash equivalents					277
Investment property					12,321
Financial assets at fair value through other comprehensive income					341
Other unallocated assets					569
Total assets					127,144
Segment liabilities	(20,959)	(5,188)	(38)	–	(26,185)
Unallocated:					
Promissory notes					(15,000)
Other borrowings					(31,203)
Current tax liabilities					(2,307)
Deferred income tax liabilities					(947)
Other unallocated liabilities					(8,927)
Total liabilities					(84,569)

Geographical information

Revenue from external customers

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
The PRC	17,909	47,880
Hong Kong	1,887	3,864
	19,796	51,744

4. LOSS FROM OPERATIONS

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

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	(1,008)	(219)
Depreciation of right-of-use assets	(750)	(509)
Employee benefit expense (including Directors' emoluments)	(3,537)	(2,678)
(Provision)/reversal of impairment for trade receivables	(662)	2,250

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Provision for current tax		
– Hong Kong Profits Tax	–	37
– PRC Corporate Income Tax (“CIT”)	–	536
	–	573

For the three months ended 31 March 2020 and 2019, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. The profits of group entities not qualified for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

CIT is provided on the assessable income of entities within the Group incorporated in the Mainland China. The applicable CIT tax rate is 25% (six months ended 30 June 2019: 25%) unless preferential tax rates were applicable (six months ended 30 June 2019: same).

There were no material unrecognised deferred tax assets and liabilities as at 30 June 2020 (31 December 2019: Nil).

6. INTERIM DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

7. LOSS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Loss attributable to the owners of the Company (HK\$'000)	(7,066)	(3,036)
Weighted average number of ordinary shares in issue (thousand shares)	1,572,517	1,572,517
Basic loss per share attributable to owners of the Company (HK cents)	(0.45)	(0.19)

(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 2020, 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 2019: Same).

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired property, plant and equipment of approximately HK\$352,000 (six months ended 30 June 2019: HK\$367,000).

9. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2020, there was no addition to right-of-use assets which related to the capitalised lease payments payable under new tenancy agreements (six month ended 30 June 2019: nil).

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

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Unaudited)
Trade receivables	40,322	61,527
Other financial assets carried at amortised cost	10,165	14,881
Less: Provision for impairment	(15,249)	(14,688)
Total trade receivables and other financial assets carried at amortised cost, net	35,238	61,720
Less: Amounts classified as non-current portion	(177)	(168)
Current portion	35,061	61,552

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

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Unaudited)
Current	1,973	10,497
31-60 days	2,913	10,956
61-90 days	6,155	6,603
Over 90 days	29,281	33,471
	40,322	61,527

11. TRADE AND OTHER PAYABLES

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Unaudited)
Trade payables	10,886	12,451
Other payables and accruals	20,477	17,203
	31,363	29,654

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

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Unaudited)
Current	1,289	2,937
31-60 days	1,946	518
61-90 days	702	986
Over 90 days	6,949	8,010
	10,886	12,451

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

12. SHARE CAPITAL

	Number of shares (thousand shares)	Ordinary share of HK\$0.05 each HK\$'000
Ordinary shares issued and fully paid:		
At 30 June 2019, 1 January 2020 and 30 June 2020	1,572,517	78,626

13. FAIR VALUE ESTIMATION

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2020 and 31 December 2019 by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

The following table presents the Group's financial assets and liabilities that are at fair value at 30 June 2020 and 31 December 2019.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2020 (Unaudited)				
Financial assets at fair value through other comprehensive income				
– Listed equity investment	318	–	–	318
Investment property				
– Residential property in the PRC	–	12,097	–	12,097
	318	12,097	–	12,415
At 31 December 2019 (Unaudited)				
Financial assets at fair value through other comprehensive income				
– Listed equity investment	341	–	–	341
Investment property				
– Residential property in the PRC	–	12,321	–	12,321
	341	12,321	–	12,662

There were no transfers among Level 1, 2 and 3 during the six months ended 30 June 2019 and 2020.

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2020 and 31 December 2019 because of the immediate or short-term maturity of the financial instruments.

No financial assets and financial liabilities were subject to offsetting, enforceable master netting arrangements and similar arrangements as at 30 June 2020 and 31 December 2019.

14. CONTINGENT LIABILITIES

At 30 June 2020, the Group had no material contingent liabilities (31 December 2019: 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 2020 (the "**Period**"), the total revenue of the Group amounted to approximately HK\$19.8 million, representing a 61.7% decrease compared with approximately HK\$51.7 million for the six months ended 30 June 2019 (the "**Comparative Period**"). Loss attributable to the owners of the Company for the Period was approximately HK\$7.1 million representing a 132.7% increase, compared with that of approximately HK\$3.0 million in the Comparative Period.

Revenue

LED and related products division

The Group's LED products division recorded a revenue of approximately HK\$17.9 million for the Period (Comparative Period: HK\$51.1 million). The decrease was mainly due to decrease in sales orders as a result of COVID-19 outbreak which lead to uncertain marcoeconomic environment and poor consumption appetite. The Group will continue to launch marketing and business development programmes, implement cost-control measures, and diversify its product range with the view to stimulating sales and strengthening the Group's resistance towards these downturn factors caused by the COVID-19 outbreak.

Optoelectronics products division

The Group's optoelectronics products division recorded a revenue of approximately HK\$1.8 million during the Period (Comparative Period: HK\$0.6 million). The increase was mainly due to new trading orders for new product launched during the Period. The Group will continue to monitor the market situation and will continue to explore business opportunities to leverage on our established experience in watch industry.

Trading of liquor products division

The Group's liquor trading division did not generate any revenue during the Period (Comparative Period: HK\$0.1 million). 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 consumer products and disruction of supply chain resulted from COVID-19 outbreak.

Administrative and other operating expenses

Total administrative and other operating expenses were approximately HK\$7.0 million for the Period (Comparative Period: approximately HK\$6.5 million), representing a increase of HK\$0.5 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 "equity" as shown in the consolidated statement of financial position plus net debt.

The gearing ratios as at 30 June 2020 and 31 December 2019 were as follows:

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Trade and other payables	31,363	29,654
Other borrowings	33,650	31,203
Promissory notes	15,000	15,000
Less: cash and cash equivalents	(2,234)	(11,141)
Net debt	77,779	64,716
Total equity	34,258	42,575
Total capital	112,037	107,291
Gearing ratio	69.4%	60.3%

The total equity of the Group were decreased to approximately HK\$34.3 million as at 30 June 2020 (31 December 2019: approximately HK\$42.6 million), which was mainly resulted from the operating loss for the Period. The Group's net current assets amounted to approximately HK\$13.5 million as at 30 June 2020 (31 December 2019: approximately HK\$23.6 million), of which approximately HK\$2.2 million (31 December 2019: approximately HK\$11.1 million) was cash and cash equivalents.

As at 30 June 2020, the Group had cash and cash equivalents of approximately HK\$2.2 million (31 December 2019: approximately HK\$11.1 million), of which approximately 80% and 19% (31 December 2019: approximately 95% and 5%) were denominated in Renminbi ("**RMB**") and Hong Kong dollars ("**HKD**") respectively.

As at 30 June 2020, all other borrowing and promissory notes of the Group bore fixed interest rates, the maturity and currency profile are set out as follows:

	Within 1 year <i>HK\$'000</i>
Hong Kong Dollars	6,600
Renminbi	27,050
	33,650

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

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

Foreign currency risk

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

Employees and remuneration policies

As at 30 June 2020, the Group had 73 employees (31 December 2019: 72). Employees were remunerated according to their performance and work experience. In addition to the basic salaries and retirement scheme, staff benefits include free accommodation at the Group's staff quarters in Hong Kong, performance bonus and share options. The total staff costs including Directors' remuneration for the Period were approximately HK\$3.5 million (Comparative Period: approximately HK\$2.7 million).

Pledge of assets

As at 30 June 2020, the Group had no pledge of assets (31 December 2019: Nil).

Contingent liabilities

As at 30 June 2020, the Group had no material contingent liabilities (31 December 2019: 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

In view of COVID-19 outbreak since January 2020 and the uncertain macroeconomic environment, some of the Group's customers have deferred their orders. The drop in orders combined with an overall weak retail environment, will deal a further blow to the Group's business and performance in 2020. The COVID-19 outbreak has also brought disruptions to the logistics of the supply chain for the Group's production lines in the PRC during the first half of 2020. As the schedule of full production resumption amongst upstream materials suppliers in the PRC varies, coupled with policies implemented in certain provinces and cities to restrict the movement of goods and people, a shortage of certain raw materials is resulted. Although the production gradually resumed in the second quarter of 2020, this is expected to result in lower production output, and consequently the revenue, for 2020.

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

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

LITIGATION

- (i) On 6 March 2012, a writ of summons was issued by JMM Business Network Investments (China) Limited ("**JMM**") against (a) Mr. Chan Ka Ming, Mr. Nee, Henry Pei Ching, Mr. Ho Chun Kit Gregory, Mr. Tam Chak Chi, Mr. Ng Kai Shing, Mr. Jal Nadirshaw Karbhari and Ms. Chan Sze Man, all former Directors; and (b) the Company. In this action, JMM sought to challenge the validity of a notice of special general meeting of the Company dated 9 February 2012, but did not specify any monetary claim against the Company. The Directors have not been aware of any material progress of this action since as early as the third quarter of 2012. As such, the Directors are of the view that the action is unlikely to result in any significant financial impact on the Company.

- (ii) On 14 March 2012, a writ of summons was issued by Good Capital Resources Limited ("**Good Capital**") against (a) Mr. Chan Ka Ming, Mr. Nee, Henry Pei Ching, Mr. Ho Chun Kit Gregory, Mr. Tam Chak Chi, Mr. Ng Kai Shing, Mr. Jal Nadirshaw Karbhari and Ms. Chan Sze Man, all former Directors; and (b) the Company. In this action, Good Capital sought to challenge the validity of the issuance of certain warrants and the grant of certain share options of the Company in March 2012, but did not specify any monetary claim against the Company. The Directors have not been aware of any material progress of this action since as early as the third quarter of 2012. As such, the Directors are of the view that the action is unlikely to result in any financial impact on the financial statements of the Company.

- (iii) Under action HCA 987/2016, Good Return (BVI) Limited (“**Good Return**”), a wholly-owned subsidiary of the Company, claims against Wickham Ventures Limited (“**Wickham**”) and Ms. Lee Hei Wun (“**Ms. Lee**”) for, among others, the shortfall of a profit guarantee in a total sum of HK\$16,188,374 pursuant to the sale and purchase agreement under which Good Return acquired Arnda Semiconductor Limited from Wickham (the “**Legal Action**”). Ms. Lee filed a Defence and Counterclaim alleging misrepresentation and breach of contract on the part of Good Return and claiming damages (unquantified), and seeking to rectify and rescind previous agreements. The 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 2020, 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 2020.

As at 30 June 2020, 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 2020, 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 2020.

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 2020, 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, 14 August 2020

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

Executive Directors

- (1) Mr. Wong Kin Hong (*Chairman*)
- (2) Mr. Huang Yonghua
- (3) Mr. Wong Tat Wa
- (4) Ms. Leung Po Yee

Independent Non-executive Directors

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

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