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Seamless Green China (Holdings) Limited

無縫綠色中國(集團)有限公司

(Incorporated in the Cayman Islands and re-domiciled and continued in Bermuda with limited liability)

(Stock Code: 8150)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The directors (the "Directors") of Seamless Green China (Holdings) Limited (the "Company") set forth below the unaudited annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2021 (the "Year") together with the comparative audited figures for the year ended 31 December 2020, as follows. For the reasons explained in the paragraph headed "Review of Unaudited Annual Results" in this announcement, the auditing process for the unaudited annual results of the Group for the year ended 31 December 2021 has not been completed.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	Note	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
Revenue	4	110,860	142,047
Cost of sales	5	(103,011)	(129,715)
Gross profit		7,849	12,332
Other income and other losses, net		1,573	(2,497)
Selling and distribution expenses	5	(1,886)	(1,687)
Administrative and other operating expenses	5	(14,688)	(13,237)
Provision for impairment of trade receivables		(988)	(2,899)
Reversal of impairment loss on trade receivables and other financial assets carried at amortised cost, net		–	20
Operating loss		(8,140)	(7,968)
Finance costs		(3,171)	(3,172)
Loss before income tax		(11,311)	(11,140)
Income tax (expense)/credit	6	(56)	180
Loss for the year		(11,367)	(10,960)
(Loss)/profit for the year attributable to:			
– Owners of the Company		(11,908)	(11,202)
– Non-controlling interests		541	242
		(11,367)	(10,960)
Loss per share for the loss attributable to owners of the Company for the year			
– Basic (HK cents)	7	(0.76)	(0.71)
– Diluted (HK cents)	7	(0.76)	(0.71)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
Loss for the year		(11,367)	(10,960)
Other comprehensive (loss)/income, net of tax			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		4,910	4,524
<i>Items that will not be reclassified to profit or loss:</i>			
Change in the fair value of financial assets at fair value through other comprehensive income		–	(328)
		4,910	4,196
Total comprehensive loss for the year, net of tax		(6,457)	(6,764)
Total comprehensive (loss)/income for the year attributable to:			
– Owners of the Company		(7,095)	(7,184)
– Non-controlling interests		638	420
		(6,457)	(6,764)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Note	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		5,923	7,846
Right-of-use assets		3,225	3,113
Investment property		11,874	10,362
Intangible assets		507	507
Other financial assets carried at amortised cost		105	153
Financial assets at fair value through other comprehensive income		–	–
Total non-current assets		21,634	21,981
Current assets			
Inventories		8,863	9,897
Trade receivables and other financial assets carried at amortised cost		48,136	85,903
Other current assets		29,262	58,801
Cash and cash equivalents		4,754	11,245
Total current assets		91,015	165,846
Total assets		112,649	187,827
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital		78,626	78,626
Reserves		(52,056)	(44,961)
		26,570	33,665
Non-controlling interests		3,596	2,968
Total equity		30,166	36,623

	<i>Note</i>	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Other borrowings		–	51,588
Lease liabilities		1,676	1,801
Total non-current liabilities		1,676	53,389
Current liabilities			
Trade and other payables		32,300	58,512
Contract liabilities		12,184	9,936
Current income tax liabilities		4,067	2,731
Promissory notes		15,000	15,000
Other borrowings		15,582	9,934
Lease liabilities		1,674	1,702
Total current liabilities		80,807	97,815
Total liabilities		82,483	151,204
Total equity and liabilities		112,649	187,827

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1 General 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’s shares 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 HM 11, Bermuda and Room 1604, Seaview Commercial Building, 21-24 Connaught Road West, Sheung Wan, Hong Kong respectively.

These unaudited consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK\$'000), unless otherwise stated.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) and requirements of the Hong Kong Companies Ordinance Cap. 622. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”). The consolidated financial statements have been prepared under the historical cost convention, except for the investment property and financial asset at fair value through other comprehensive income (“FVOCI”), which are measured at fair value.

The preparation of these consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

2.1 Changes in accounting policy and disclosures

(a) ***New and amended standards adopted by the Group***

The Group has applied the following new and amended standards, improvements and interpretation for the first time for their annual reporting period commencing on 1 January 2021:

Amendments to HKAS 39, HKFRS 4,	Interest Rate Benchmark Reform – Phase 2
HKFRS 7, HKFRS 9 and HKFRS 16	
Amendments to HKFRS 16	Covid-19-Related Rent Concessions

The amendments above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2. Basis of preparation *(continued)*

2.1 Changes in accounting policy and disclosures *(continued)*

(b) New standards, amendments and interpretations not yet adopted

The following new standards, amendments and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKFRS 16	Covid-19 Rent Concessions Beyond 2021	1 April 2021
Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020	1 January 2022
Amendments to HKFRS 3, HKFRS 16 and HKFRS 37	Narrow – Scope Amendments	1 January 2022
Accounting Guideline 5 (Revised)	Revised Accounting Guideline 5 – Merger Accounting for Common Control Combinations	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRS 17	Insurance Contracts	1 January 2023
Hong Kong Interpretation 5 (2020)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

The directors have assessed the financial impact on the Company of the adoption of the above new standards, amendments to existing standards, interpretations and accounting guideline. These standards and amendments are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions. The Group intends to adopt the above new standards, amendments to existing standards, interpretations and accounting guideline when they become effective.

2. Basis of preparation *(continued)*

2.2 Going concern

For the year ended 31 December 2021, the Group incurred loss attributable to owners of the Company of approximately HK\$11.9 million.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of 12 months from 31 December 2021. The directors are of the opinion that, taking into account of the following plans and measures, the Group will have sufficient working capital to meet its financial obligation as and when they fall due within the next 12 months from 31 December 2021:

- (1) Certain suppliers request payment immediately on receipt or even payment in advance in order to maintain cash flow in the supply chain which have been heavily disrupted by the outbreak of COVID-19. The Group had an advanced prepayment to suppliers amounting to approximately HK\$28.5 million as at 31 December 2021. The improvement in supply chain in 2022 will contribute to a lenient credit term granted by the suppliers, the utilisation of the advanced prepayments shall provide relief to the liquidity burden of the Group; and
- (2) The Group will be able to obtain financing from directors and/or non-financial institutions, as and when needed.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

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, provision for impairment of other financial assets carried at amortised cost, and unallocated corporate expenses.

Segment assets exclude unallocated corporate assets, investment property, financial assets at fair value through other comprehensive income, and cash and cash equivalents.

3 Segment information *(continued)*

Segment liabilities exclude unallocated corporate liabilities, other borrowings, promissory notes and current income tax liabilities.

Year ended 31 December 2021 (Unaudited)

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Total HK\$'000
Year ended 31 December 2021					
Segment revenue:					
Sales to external customers	107,886	2,685	289	-	110,860
Segment results					
	(64)	(368)	(2,470)	-	(2,902)
Unallocated:					
Change in fair value of investment property					1,181
Unallocated corporate income					14
Unallocated corporate expenses					
– staff costs					(1,903)
– others					(7,701)
Loss before income tax					(11,311)
As at 31 December 2021					
Segment assets	98,313	142	925	-	99,380
Unallocated:					
Cash and cash equivalents					444
Investment property					11,874
Other unallocated assets					951
Total assets					112,649
Segment liabilities	(31,473)	(5,981)	(47)	-	(37,501)
Unallocated:					
Promissory notes					(15,000)
Other borrowings					(15,582)
Current income tax liabilities					(4,067)
Other unallocated liabilities					(10,333)
Total liabilities					(82,483)
Other segment information:					
Capital expenditure	(584)	-	-	-	(584)
Interest income	-	-	-	-	14
Finance costs	(157)	(2)	-	-	(3,012)
Depreciation of property, plant and equipment and right-of-use assets	(1,592)	(9)	-	-	(2,242)
Income tax expense	(56)	-	-	-	(56)
Provision for impairment of inventories	-	-	(1,967)	-	(1,967)
Provision for impairment of trade receivables	(988)	-	-	-	(988)

3 Segment information *(continued)*

Year ended 31 December 2020 (Audited)

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Total HK\$'000
Year ended 31 December 2020					
Segment revenue:					
Sales to external customers	138,897	2,702	448	–	142,047
Segment results	2,446	(738)	(363)	–	1,345
Unallocated:					
Change in fair value of investment property					(2,704)
Reversal of impairment of other financial assets carried at amortised cost					20
Unallocated corporate income					72
Unallocated corporate expenses					
– staff costs					(1,896)
– others					(7,977)
Loss before income tax					(11,140)
As at 31 December 2020					
Segment assets	172,032	3	2,893	–	174,928
Unallocated:					
Cash and cash equivalents					284
Investment property					10,362
Other unallocated assets					2,253
Total assets					187,827
Segment liabilities	(59,767)	(5,959)	(47)	–	(65,773)
Unallocated:					
Promissory notes					(15,000)
Other borrowings					(61,522)
Current income tax liabilities					(2,731)
Other unallocated liabilities					(6,178)
Total liabilities					(151,204)
Other segment information:					
Capital expenditure	(464)	–	–	–	(468)
Interest income	–	–	–	–	10
Finance costs	(155)	–	–	–	(3,172)
Depreciation of property, plant and equipment and right-of-use assets	(3,275)	–	(1)	–	(4,062)
Income tax credit/(expense)	(591)	–	–	–	180
Provision for impairment of inventories	(261)	–	–	–	(261)
Reversal of impairment of other receivables	–	–	–	–	20
Provision for impairment of trade receivables	(2,899)	–	–	–	(2,899)

3 Segment information *(continued)*

Geographic Information

(a) Revenue from external customers

The Group's revenue from external customers by geographical area, which is determined by the country where the goods were delivered, is as follows:

	For the year ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
The PRC	107,901	138,995
Hong Kong	2,959	3,052
	110,860	142,047

(b) Non-current assets

The Group's non-current assets other than financial assets at fair value through other comprehensive income by geographic area is as follows:

	As at 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
The PRC	21,074	20,781
Hong Kong	560	1,200
	21,634	21,981

Contract assets

The Group did not recognise any revenue-related contract assets during the year ended 31 December 2021 (2020: Nil).

Contract liabilities

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

	As at 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Contract liabilities	12,184	9,936

(a) 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 and related products.

3 Segment information *(continued)*

Contract liabilities *(continued)*

(b) Revenue recognised in relation to contract liabilities

The follow table shows the revenue recognised for the year ended 31 December 2021 and 2020 relates to carried-forward contract liabilities.

	For the year ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Sales of LED and related products	9,936	2,118

(c) Unsatisfied contracts

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

4 Revenue

	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Revenue from customers and recognised at point in time		
Sales of LED and related products	107,886	138,897
Sales of optoelectronic products	2,685	2,702
Sales of liquor products	289	448
	110,860	142,047

5 Expenses by nature

Expenses included in cost of sales, selling and distribution expenses and administrative and other operating expenses are analysed as follows:

	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Auditor's remuneration		
– Audit services	688	668
Depreciation		
– property, plant and equipment	764	2,206
– right-of-use assets	1,830	1,856
Cost of inventories sold	97,162	123,882
Provision for impairment of inventories	1,967	261
Employee benefit expenses (including directors' emoluments)	6,870	5,864
Foreign exchange losses	50	46
Lease payments for short-term leases	504	114
Legal and professional fee	3,614	3,883
Subcontracting fee	–	355
Others	6,136	5,504
Total cost of sales, selling and distribution expenses and administrative and other operating expenses	119,585	144,639

6 Income tax expense/(credit)

	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
Current income tax		
– PRC Corporate Income Tax (“CIT”)	56	591
Deferred income tax	–	(771)
	56	(180)

Hong Kong profits tax has been provided for as there is business operation that is subject to Hong Kong profits tax. Under the two-tiered profits tax rates regime, for the years ended 31 December 2021 and 2020, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% remaining on the estimated assessable profits. 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 PRC. The applicable CIT tax rate is 25% (2020: 25%) unless preferential tax rates were applicable.

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 year.

	2021 (Unaudited)	2020 (Audited)
Loss attributable to the owners of the Company (HK\$'000)	(11,908)	(11,202)
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)	(0.76)	(0.71)

(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 year ended 31 December 2021, the share options issued were not assumed to be exercised as they would have an anti-dilutive impact to the basic loss per share (2020: Same).

8 Dividends

The directors did not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

BUSINESS AND FINANCIAL REVIEW

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

During the year ended 31 December 2021 (the "Year"), the total revenue of the Group amounted to approximately HK\$110.9 million, representing a 22.0% decrease from that of approximately HK\$142.0 million generated for the year ended 31 December 2020 ("the Comparative Year"). Loss attributable to the owners of the Company for the Year was approximately HK\$11.9 million, representing an increase of approximately 6.3% as compared to that of approximately HK\$11.2 million in the Comparative Year.

Revenue

LED and related products division

The Group's LED products division recorded a revenue of approximately HK\$107.9 million for the Year (Comparative Year: HK\$138.9 million). Although the production gradually resume since the second quarter of 2020, the weak consumer sentiment and market condition resulting in conservative procurement planning by customer, the production is yet to resume to the normal level before pandemic. The evolving pandemic will remain the biggest uncertainty the Group will face in 2022. The Group will continue to launch marketing and business development programmes, implement cost-control measures, and diversify its product range with the view to stimulating sales and strengthening the Group's resistance towards these downturn factors such as pandemic diseases, raw material shortage or change of customer appetite.

Optoelectronics products division

The Group's optoelectronics products division recorded a revenue of approximately HK\$2.7 million during the Year (Comparative Year: HK\$2.7 million). The Group will continue to monitor the market situation and will continue to explore business opportunities to leverage on our established experience in watch industry.

Trading of liquor products division

The Group's liquor trading division recorded a revenue of approximately HK\$0.3 million during the Year (Comparative Year: HK\$0.4 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 Year (Comparative Year: Nil), principally due to the sluggish market of traditional watches resulted from competition of smart watches.

Administrative and other operating expenses

Total administrative and other operating expenses were HK\$14.7 million for the Year (Comparative Year: HK\$13.2 million), representing an increase of HK\$1.5 million. Such increase was primarily due to increase in expense in relation to development and launching new product during the Year.

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 maximise 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. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the Shareholders, issue new shares, obtain bank and 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 promissory notes lease liabilities, 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 31 December 2021 and 2020 were as follows:

	2021	2020
	HK\$'000	HK\$'000
Promissory notes	15,000	15,000
Lease liabilities	3,350	3,503
Other borrowings	15,582	61,522
Less: cash and cash equivalents	(4,754)	(11,245)
Net debt	29,178	68,780
Total equity	30,166	36,623
Total capital	59,344	105,403
Gearing ratio	49.2%	65.3%

The shareholders' funds of the Group decreased to approximately HK\$30.2 million as at 31 December 2021 (2020: approximately HK\$36.6 million), which was mainly due to the operating loss during the Year. The Group's current assets amounted to approximately HK\$91.0 million as at 31 December 2021 (2020: approximately HK\$165.8 million), of which approximately HK\$4.8 million (2020: approximately HK\$11.2 million) was cash and cash equivalents.

As at 31 December 2021, approximately 82% and 18% (2020: approximately 95% and 5%) of the Group's cash and cash equivalents were denominated in Renminbi ("RMB") and Hong Kong dollars ("HKD") respectively.

As at 31 December 2021, all other borrowings and promissory notes of the Group bore fixed interest rates, the maturity (with repayable on demand clause) and currency profile are set out as follows:

	Within 1 year
	HK\$'000
Hong Kong Dollars	29,781
Renminbi	801
	30,582

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.

Foreign currency risk

The Group operates mainly in the PRC and Hong Kong. For the operations in the PRC, 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 Year. However, the management will monitor the Group's foreign currency exposure should the need arise.

Contingent liabilities

At 31 December 2021, the Group had no material contingent liabilities.

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

The Group had no significant investments, material acquisitions and disposal of subsidiaries and affiliated companies during the Year, nor there were any future plans for material investments or additions of capital assets as at 31 December 2021.

Pledge of assets

As at 31 December 2021, the Group had no pledge of assets.

Employees and remuneration policies

As at 31 December 2021, the Group had 74 employees (2020: 63). Employees were remunerated according to their performance and work experience. In addition to the basic salaries and retirement scheme, staff benefits including 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 Year were approximately HK\$6.9 million (2020: approximately HK\$5.9 million).

Litigation

- (i) On 6 March 2012, a writ of summons was issued by JMM Business Network Investments (China) Limited (“JMM”) against (a) Mr. Chan Ka Ming, Mr. Nee, Henry Pei Ching, Mr. Ho Chun Kit Gregory, Mr. Tam Chak Chi, Mr. Ng Kai Shing, Mr. Jal Nadirshaw Karbhari and Ms. Chan Sze Man, all former Directors; and (b) the Company. In this action, JMM sought to challenge the validity of a notice of special general meeting of the Company dated 9 February 2012, but did not specify any monetary claim against the Company. The Directors have not been aware of any material progress of this action since as early as the third quarter of 2012. As such, the Directors are of the view that the action is unlikely to result in any significant financial impact on the Company.
- (ii) On 14 March 2012, a writ of summons was issued by Good Capital Resources Limited (“Good Capital”) against (a) Mr. Chan Ka Ming, Mr. Nee, Henry Pei Ching, Mr. Ho Chun Kit Gregory, Mr. Tam Chak Chi, Mr. Ng Kai Shing, Mr. Jal Nadirshaw Karbhari and Ms. Chan Sze Man, all former Directors; and (b) the Company. In this action, Good Capital sought to challenge the validity of the issuance of certain warrants and the grant of certain share options of the Company in March 2012, but did not specify any monetary claim against the Company. The Directors have not been aware of any material progress of this action since as early as the third quarter of 2012. As such, the Directors are of the view that the action is unlikely to result in any financial impact on the financial statements of the Company.
- (iii) Under action HCA 987/2016, Good Return (BVI) Limited (“Good Return”), a wholly-owned subsidiary of the Company, claims against Wickham Ventures Limited (“Wickham”) and Ms. Lee Hei Wun (“Ms. Lee”) for, among others, the shortfall of a profit guarantee in a total sum of HK\$16,188,374 pursuant to the sale and purchase agreement under which Good Return acquired Arnda Semiconductor Limited from Wickham (the “Legal Action”). Ms. Lee filed a Defence and Counterclaim alleging misrepresentation and breach of contract on the part of Good Return and claiming damages (unquantified), and seeking to rectify and rescind previous agreements. The court has granted judgment on 4 September 2020 in favour of Good Return for the sum of HK\$3,000,000 plus interest.
- (iv) On 11 February 2015, the Company and Silver Bonus Limited (a wholly-owned subsidiary of the Company and the purchaser to the acquisition) issued a writ of summons against Mr. Lau Hin Chung (the first vendor), Shinning Team Investment Limited (the second vendor), Neo Partner Investments Ltd. (the “Target Company”), Harvest View (China) Limited (a wholly-owned subsidiary of the Target Company) and Mr. Chen Zai (the registered owner of the other 55% shareholding in the Target Company) to claim for relief including damages for breach of contract and/or rescission of contract based on misrepresentation (including a declaration that the promissory notes issued as consideration for the acquisition being null and void and unenforceable), and negligence and breach of fiduciary duties against certain ex-directors of the Company. The Company’s claim relates to the acquisition by the Group of 28% shareholding in the Target Company for the consideration of HK\$23,800,000, pursuant to a sale and purchase agreement dated 10 December 2012 (as supplemented by a supplemental agreement dated 14 December 2012) which was completed on 23 January 2013. The Company has instructed its legal adviser to continue to uphold its rights in the legal action.
- (v) On 20 April 2016, a writ of summons was issued by Mr. Zhu Jun Min (“Mr. Zhu”) against the Company for claiming a sum of approximately HK\$3.5 million, being the face value of a promissory note allegedly issued by the Company to Mr. Zhu in 2013. The Company has instructed its legal adviser to uphold its rights in the legal action.

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

PROSPECTS

The outbreak of COVID-19 since 2020 lead to uncertain macroeconomic environment. The suppliers still adopt a conservative procurement planning and rigour collection processes, from granting credit period up to 60 days to requesting prepayment for procurement of raw materials for production of LED products.

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.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (Comparative Year: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES BY THE COMPANY AND/OR SUBSIDIARIES

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 Year.

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 deals clearly with its authority and duties. The principal duties of the Audit Committee are to review and supervise the Group's financial reporting process and its internal control and risk management systems. As at the date of this announcement, the Audit Committee comprises four INEDs, namely Mr. Yan Guoniu (chairman of the Audit Committee), Mr. Tang Rong Gang, Mr. Ou Wei An and Mr. Ng Yu Ho, Steve.

The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

CORPORATE GOVERNANCE

The Company is committed to implementing good corporate governance practices and emphasising transparency and accountability to its shareholders and stakeholders.

The Company had complied with all the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules throughout the Year except for the followings:

Code provision A.2.1 (subsequently rearranged and renumbered as C.2.1) of the CG Code stipulates that roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Wong Kin Hong serves as the chairman of the Board (the "Chairman") and also acts as the chief executive officer of the Company. 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.

Code provision A.4.1 (deleted with effect from 1 January 2022) of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. All Directors (including executive Directors and INEDs) are not appointed for a specific term but they are all subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company.

The Board has reserved for its decision and consideration issues in relation to (i) formulating the strategic objectives of the Group; (ii) considering and deciding the Group's significant operational and financial matters, including but not limited to substantial mergers and acquisitions and disposals; (iii) overseeing the Group's corporate governance practices; (iv) ensuring a risk management control system in place; (v) directing and monitoring senior management in pursuit of the Group's strategic objectives; and (vi) determining the remuneration packages of all Directors and the Group's senior management, including benefits in kind, pension rights and compensation payments for loss or termination of their office or appointment. Implementation and execution of Board policies and strategies and the daily administrative matters are delegated to the respective Board committees and the management team of the Company.

The Board conducts at least four regular Board meetings a year and additional meetings will be held or resolutions in writing signed by all Directors in lieu of a meeting will be arranged as and when required. If a substantial shareholder of the Company or a Director has a conflict of interest in a transaction which the Board determines to be material, it will be considered and dealt with by the Board at a duly convened Board meeting. Comprehensive information on matters to be discussed at the Board meeting will be supplied to the Directors in a timely manner to facilitate discussion and decision-making.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors 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. In response to the specific enquiry made by the Company of the Directors, all Directors of the Company have confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the Year.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2021 has not been completed as scheduled, due to restrictions in force in parts of China to combat the COVID-19 pandemic, causing delays in the time required for the Company to provide further evidence to its auditors, including (i) conduct certain audit procedures such as on-site inspections of evidence and valuations in the PRC; and (ii) the difficulties to contact the key customers and suppliers of the major subsidiaries of the Group and temporary suspension of express delivery services in the PRC lead to delay in certain confirmation procedures. As such, the unaudited consolidated financial statements of the Group may still be subject to potential adjustments and finalisation during the remaining audit procedures. The unaudited consolidated financial statements contained herein have not been agreed by the Company's independent auditor. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants. Further announcement(s) will be issued by the Company as and when necessary if there are other material developments in the completion of the auditing process. The unaudited consolidated financial statements contained herein have been reviewed by the audit committee of the Company.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This unaudited annual results announcement is published on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (www.victoryhousefp.com/lchp/8150.html). Following the completion of the audit by the Company's auditor, the Company will issue further announcement in relation to the audited results for the year ended 31 December 2021 as agreed by the Company's auditor and the material differences (if any) as compared with the unaudited annual results contained herein. Barring unforeseen circumstances, the Company currently expects that the audit should be completed and the 2021 Annual Results should be published by 16 May 2022, and the 2021 Annual Report be dispatched by 31 May 2022. The Company will also notify the shareholders on the proposed date of the forthcoming annual general meeting (the "2022 AGM") and the period during which the register of members will be closed for the purpose of ascertaining shareholders' eligibility to attend and vote at the 2022 AGM.

The financial information contained herein in respect of the annual results of the Group has not been audited and has not been agreed with the auditor of the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 31 March 2022

As at the date of this announcement, the directors of the Company (the "**Directors**") are:

Executive Directors:

Mr. Wong Kin Hong (*Chairman*)
Mr. Huang Yonghua
Mr. Wong Tat Wa
Ms. Leung Po Yee

Independent Non-executive Directors:

Mr. Yan Guoniu
Mr. Tang Rong Gang
Mr. Ou Wei An
Mr. Ng Yu Ho, Steve

This announcement, for which the Directors 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 announcement 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 announcement misleading.

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