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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

#### CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, 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 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.

## **FINANCIAL HIGHLIGHTS**

1. The Group has recorded total revenue of approximately HK\$46.3 million for the six months ended 30 June 2022.
2. The Group has recorded a net loss attributable to the owners of the Company for the six months ended 30 June 2022 of approximately HK\$8.1 million, representing a basic loss per share of HK cent 4.34.
3. The Board does not recommend the payment of any dividend for the six months ended 30 June 2022.

## FINANCIAL RESULTS

The board of Directors (the “**Board**”) hereby present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the three months and six months ended 30 June 2022 together with the relevant comparative unaudited figures for the corresponding period in 2021 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	26,869	38,594	46,347	67,203
Cost of sales		(25,676)	(34,622)	(43,968)	(61,277)
<b>Gross profit</b>		<b>1,193</b>	3,972	<b>2,379</b>	5,926
Other income and gains		41	19	52	32
Selling and distribution costs		(268)	(504)	(534)	(1,258)
Administrative and other operating expenses		(5,767)	(4,355)	(8,778)	(7,423)
Reversal of impairment of property, plant and equipment		154	–	154	–
Provision for impairment of trade receivables		(1,112)	(594)	(1,112)	(594)
<b>Loss from operations</b>		<b>(5,759)</b>	(1,462)	<b>(7,839)</b>	(3,317)
Finance costs		(130)	(1,187)	(309)	(2,414)
<b>Loss before income tax</b>	4	<b>(5,889)</b>	(2,649)	<b>(8,148)</b>	(5,731)
Income tax expense	5	–	(32)	(1)	(84)
<b>Loss for the period</b>		<b>(5,889)</b>	(2,681)	<b>(8,149)</b>	(5,815)
<b>(Loss)/profit for the period attributable to:</b>					
– Owners of the Company		(5,850)	(2,900)	(8,127)	(5,781)
– Non-controlling interests		(39)	219	(22)	(34)
		<b>(5,889)</b>	(2,681)	<b>(8,149)</b>	(5,815)
<b>Loss per share attributable to the owners of the Company</b>					
– Basic (HK cents)	7	(3.10)	(1.84)	(4.34)	(3.68)
– Diluted (HK cents)	7	(3.10)	(1.84)	(4.34)	(3.68)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Loss for the period</b>	<b>(5,889)</b>	(2,681)	<b>(8,149)</b>	(5,815)
<b>Other comprehensive income, net of tax</b>				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Exchange differences on translation of the foreign subsidiaries	(2,889)	938	(2,423)	614
	(2,889)	938	(2,423)	614
<b>Total comprehensive loss</b>	<b>(8,778)</b>	(1,743)	<b>(10,572)</b>	(5,201)
<b>Total comprehensive income/(loss) for the period attributable to:</b>				
– Owners of the Company	(8,553)	(2,004)	(10,390)	(5,198)
– Non-controlling interests	(225)	261	(182)	(3)
	(8,778)	(1,743)	(10,572)	(5,201)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	1,951	2,902
Right-of-use assets	9	2,479	3,560
Investment property		12,558	13,134
Intangible asset		507	507
Financial assets at fair value through other comprehensive income		–	–
Other financial assets carried at amortised cost	10	–	105
<b>Total non-current assets</b>		<b>17,495</b>	20,208
<b>Current assets</b>			
Inventories		17,321	9,260
Trade receivables and other financial assets carried at amortised cost	10	56,734	63,014
Other current assets		25,212	21,665
Cash and cash equivalents		4,224	4,754
<b>Total current assets</b>		<b>103,491</b>	98,693
<b>Total assets</b>		<b>120,986</b>	118,901
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	12	1,887	78,626
Reserves		25,610	(56,294)
		27,497	22,332
Non-controlling interests		3,488	3,670
<b>Total equity</b>		<b>30,985</b>	26,002
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		1,202	1,941
Deferred income tax liabilities		464	485
<b>Total non-current liabilities</b>		<b>1,666</b>	2,426
<b>Current liabilities</b>			
Trade and other payables	11	52,168	39,039
Contract liabilities		13,476	16,286
Other borrowings		3,885	15,582
Promissory notes		15,000	15,000
Lease liabilities		1,399	1,744
Current income tax liabilities		2,407	2,822
<b>Total current liabilities</b>		<b>88,335</b>	90,473
<b>Total liabilities</b>		<b>90,001</b>	92,899
<b>Total equity and liabilities</b>		<b>120,986</b>	118,901

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (outflow)/inflow from operating activities	<b>(3,457)</b>	42,532
Net cash inflow/outflow from investing activities	<b>3</b>	(141)
Net cash inflow/(outflow) from financing activities	<b>2,624</b>	(50,610)
<b>Net decrease in cash and cash equivalents</b>	<b>(830)</b>	(8,219)
Cash and cash equivalents at 1 January	<b>4,754</b>	11,245
Currency translation difference	<b>300</b>	19
<b>Cash and cash equivalents at 30 June</b>	<b>4,224</b>	3,045

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	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	Contributed surplus	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	HK\$'000
<b>For the six months ended 30 June 2021</b>												
As at 1 January 2021	78,626	491,228	(1,094)	(3,467)	8,762	(776)	-	687	(540,301)	33,665	2,958	36,623
<b>Comprehensive income</b>												
Loss for the period	-	-	-	-	-	-	-	-	(5,781)	(5,781)	(34)	(5,815)
<b>Other comprehensive income</b>												
Exchange difference on translation of the foreign subsidiaries	-	-	-	583	-	-	-	-	-	583	31	614
Total comprehensive loss for the period	-	-	-	583	-	-	-	-	(5,781)	(5,198)	(3)	(5,201)
As at 30 June 2021 (Unaudited)	78,626	491,228	(1,094)	(2,884)	8,762	(776)	-	687	(546,082)	28,467	2,955	31,422
<b>For the six months ended 30 June 2022</b>												
As at 1 January 2022	78,626	491,228	(1,094)	(1,794)	8,762	(776)	-	781	(553,401)	22,332	3,670	26,002
<b>Comprehensive income</b>												
Loss for the period	-	-	-	-	-	-	-	-	(8,127)	(8,127)	(22)	(8,149)
<b>Other comprehensive income</b>												
Exchange difference on translation of the foreign subsidiaries	-	-	-	(2,263)	-	-	-	-	-	(2,263)	(160)	(2,423)
Total comprehensive loss for the period	-	-	-	(2,263)	-	-	-	-	(8,127)	(10,390)	(182)	(10,572)
<b>Transaction with owners</b>												
Issue of shares through share subscription (Note 12(a))	15,725	(170)	-	-	-	-	-	-	-	15,555	-	15,555
Arising from the Capital												
Reorganisation as defined in (Note 12)												
- Capital Reduction (Note 12(b)(i))	(92,464)	-	-	-	-	-	92,464	-	-	-	-	-
- Share Premium Reduction (Note 12(b)(iv))	-	(491,058)	-	-	-	-	491,058	-	-	-	-	-
As at 30 June 2022 (Unaudited)	1,887	-	(1,094)	(4,057)	8,762	(776)	583,522	781	(561,528)	27,497	3,488	30,985

# 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 2021. 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 2022. 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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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

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

**Six months ended 30 June 2022 (Unaudited)**

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2022 (Unaudited)</b>					
<b>Segment revenue:</b>					
Sales to external customers	44,513	1,808	26	-	46,347
<b>Segment results</b>	<b>(4,101)</b>	<b>(128)</b>	<b>(244)</b>	<b>-</b>	<b>(4,473)</b>
Unallocated:					
Unallocated corporate income					43
Unallocated corporate expenses					
– staff costs					(951)
– others					(2,767)
Loss before income tax					<u>(8,148)</u>

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Other segment information:</b>						
Capital expenditure	-	-	-	-	-	-
Interest income	-	-	-	-	3	3
Finance cost	(77)	-	-	-	(232)	(309)
Depreciation of property, plant and equipment and right-of-use assets	(1,641)	(10)	-	-	(313)	(1,964)
Income tax expense	(1)	-	-	-	-	(1)
Reversal of impairment of property, plant and equipment	154	-	-	-	-	154
Reversal of impairment of inventories	6	-	-	-	-	6
Provision for impairment of trade receivables	(1,112)	-	-	-	-	(1,112)

**At as 30 June 2022 (Unaudited)**

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Total HK\$'000
<b>Segment assets</b>	<b>102,420</b>	<b>23</b>	<b>926</b>	<b>-</b>	<b>103,369</b>
Unallocated:					
Cash and cash equivalents					4,224
Investment property					12,558
Other unallocated assets					835
Total assets					<u>120,986</u>
<b>Segment liabilities</b>	<b>(53,306)</b>	<b>(5,929)</b>	<b>(47)</b>	<b>-</b>	<b>(59,282)</b>
Unallocated:					
Promissory notes					(15,000)
Other borrowings					(3,885)
Current income tax liabilities					(2,407)
Deferred income tax liabilities					(464)
Other unallocated liabilities					(8,963)
Total liabilities					<u>(90,001)</u>

## Six months ended 30 June 2021 (Unaudited)

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2021 (Unaudited)</b>					
<b>Segment revenue:</b>					
Sales to external customers	66,028	1,174	1	-	67,203
<b>Segment results</b>	450	(185)	(278)	-	(13)
Unallocated:					
Unallocated corporate income					11
Unallocated corporate expenses					(950)
- staff costs					(4,779)
- others					
Loss before income tax					(5,731)

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Other segment information:</b>						
Capital expenditure	(152)	-	-	-	-	(152)
Interest income	-	-	-	-	11	11
Finance cost	(72)	-	-	-	(2,342)	(2,414)
Depreciation of property, plant and equipment and right-of-use assets	(1,682)	-	-	-	(326)	(2,008)
Income tax expense	(84)	-	-	-	-	(84)
Provision for impairment of trade receivables	(594)	-	-	-	-	(594)

## As at 31 December 2021 (Audited)

	LED HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	Sapphire HK\$'000	Total HK\$'000
<b>Segment assets</b>	98,591	33	953	-	99,577
Unallocated:					
Cash and cash equivalents					4,754
Investment property					13,134
Other unallocated assets					1,436
Total assets					118,901
<b>Segment liabilities</b>	(43,292)	(5,981)	(47)	-	(49,320)
Unallocated:					
Promissory notes					(15,000)
Other borrowings					(15,582)
Current income tax liabilities					(2,822)
Deferred income tax liabilities					(485)
Other unallocated liabilities					(9,690)
Total liabilities					(92,899)

## Geographical information

Revenue from external customers

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The PRC	44,532	66,029
Hong Kong	1,815	1,174
	<b>46,347</b>	<b>67,203</b>

## 4. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after charging:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	(1,002)	(1,129)
Depreciation of right-of-use assets	(962)	(879)
Employee benefit expense (including Directors' emoluments)	(3,508)	(3,312)

## 5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Provision for current tax		
– Hong Kong Profits Tax	–	–
– PRC Corporate Income Tax (“CIT”)	(1)	(84)
	<b>(1)</b>	<b>(84)</b>

For the six months ended 30 June 2022 and 2021, 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 2021: 25%) unless preferential tax rates were applicable (six months ended 30 June 2021: same).

There were no material unrecognised deferred tax assets and liabilities as at 30 June 2022 (31 December 2021: Nil).

## 6. INTERIM DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: 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.

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
		<i>(Note)</i>
Loss attributable to the owners of the Company ( <i>HK\$'000</i> )	<b>(8,127)</b>	(5,781)
Weighted average number of ordinary shares in issue <i>(thousand shares)</i>	<b>187,138</b>	157,252
Basic loss per share attributable to the owners of the Company <i>(HK cents)</i>	<b>(4.34)</b>	(3.68)

*Note:*

The weighted average number of ordinary shares and basic loss per share for the six months ended 30 June 2021 has been adjusted retrospectively to reflect the impact of Share Consolidation effected on 18 March 2022 (Note 12(b)(i)).

### (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 2022, 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 2021: Same).

## 8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group did not acquire any property, plant and equipment (six months ended 30 June 2021: HK\$152,000).

## 9. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2022, there was no addition to right-of-use assets in relation to factory and staff quarter (six month ended 30 June 2021: 3.4 million).

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

	<b>As at 30 June 2022 HK\$'000 (Unaudited)</b>	As at 31 December 2021 HK\$'000 (Audited)
Trade receivables	<b>57,558</b>	60,189
Less: Provision for impairment	<b>(7,899)</b>	(7,126)
Trade receivables, net	<b>49,659</b>	53,063
Other financial assets carried at amortised cost	<b>14,181</b>	17,291
Less: Provision for impairment	<b>(7,106)</b>	(7,235)
Other financial assets carried at amortised cost, net	<b>7,075</b>	10,056
Total trade receivables and other financial assets carried at amortised cost, net	<b>56,734</b>	63,119
Less: Amounts classified as non-current portion	–	(105)
Current portion	<b>56,734</b>	63,014

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

	<b>As at 30 June 2022 HK\$'000 (Unaudited)</b>	As at 31 December 2021 HK\$'000 (Audited)
Within 30 days	<b>6,165</b>	9,960
31-180 days	<b>13,899</b>	10,417
181-365 days	<b>23,812</b>	33,799
Over 365 days	<b>13,682</b>	6,013
	<b>57,558</b>	60,189

**11. TRADE AND OTHER PAYABLES**

	<b>As at 30 June 2022 HK\$'000 (Unaudited)</b>	As at 31 December 2021 HK\$'000 (Audited)
Trade payables	<b>21,593</b>	9,524
Other payables and accruals	<b>21,494</b>	19,618
Amount due to a director	<b>1,237</b>	1,302
Consideration payable	<b>3,012</b>	3,150
Accrual interest expenses	<b>4,832</b>	5,445
	<b>52,168</b>	39,039

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

	<b>As at 30 June 2022 HK\$'000 (Unaudited)</b>	As at 31 December 2021 HK\$'000 (Unaudited)
Within 30 days	<b>12,599</b>	2,821
31-180 days	<b>5,294</b>	868
181-365 days	–	504
Over 365 days	<b>3,700</b>	5,331
	<b>21,593</b>	9,524

The average credit period granted by the Group's suppliers ranges from 0 to 180 days.

## 12. SHARE CAPITAL

	<b>Number of shares (thousand) (Unaudited)</b>	<b>Share capital HK\$'000 (Unaudited)</b>
<b>Authorised:</b>		
At 1 January 2022 at HK\$0.05 each	20,000,000	1,000,000
Capital Reorganisation implemented on 18 March 2022 comprised:		
– Share Consolidation (Note b(i))	80,000,000	–
At 30 June 2022 at HK\$0.01 each	100,000,000	1,000,000
<b>Issued and fully paid:</b>		
At 1 January 2022 at HK\$0.05 each	1,572,517	78,626
Issue of share through share subscription (Note a)	314,503	15,725
Capital Reorganisation implemented on 18 March 2022 comprised:		
– Share Consolidation (Note b(i))	(1,698,318)	–
– Capital Reduction (Note b(ii))	–	(92,464)
At 30 June 2022 at HK\$0.01 each	188,702	1,887

All the shares issued by the Company rank pari passu and do not carry pre-emptive rights.

Note:

- (a) On 10 January 2022, an aggregate of 314,503,450 shares were allotted and issue with a price of HK\$0.05 each. The net proceed from the share subscription was approximately HK\$15.6 million after netting off related transaction costs.
- (b) Following the passing of the resolution of the Company at the special general meeting held on 16 March 2022, the capital reorganisation of the share capital of the Company involving the Share Consolidation, the Capital Reduction, the Share Subdivision and the Share Premium Reduction (hereinafter defined) (collectively, the “Capital Reorganisation”) became effective on 18 March 2022, details as follows:
- (i) every ten issued and unissued Existing Shares of HK\$0.05 each was consolidated into one Consolidated Share of HK\$0.50 each (the “**Share Consolidation**”);
  - (ii) the issued share capital of the Company was reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.49 on each of the issued Consolidated Shares such that the par value of each issued Consolidated Share was reduced from HK\$0.50 to HK\$0.01 (the “**Capital Reduction**”);
  - (iii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of HK\$0.50 each was sub-divided into fifty New Shares of HK\$0.01 each (the “**Share Subdivision**”);
  - (iv) the entire amount standing to the credit of the share premium account of the Company was cancelled (the “**Share Premium Reduction**”); and
  - (v) the credits arising in the books of the Company from (i) the cancellation of any fraction in the issued share capital of the Company which arise from the Share Consolidation; (ii) the Capital Reduction; and (iii) the Share Premium Reduction were credited to the contributed surplus account of the Company within the meaning of the Companies Act.

### 13. FAIR VALUE ESTIMATION

The table below analyses the Group’s financial instruments carried at fair value as at 30 June 2022 and 31 December 2021 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 2022 and 31 December 2021.

	<b>Level 3</b>	
	<b>As at 30 June 2022 HK\$'000 (Unaudited)</b>	As at 31 December 2021 HK\$'000 (Audited)
Investment property		
– Residential property in the PRC	<b>12,558</b>	13,134

There were no transfers among Level 1, 2 and 3 during the six months ended 30 June 2021 and 2022.

**(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 2022 and 31 December 2021 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 2022 and 31 December 2021.

**14. CONTINGENT LIABILITIES**

As at 30 June 2022, the Group had no material contingent liabilities (31 December 2021: 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 2022 (the "**Period**"), the total revenue of the Group amounted to approximately HK\$46.3 million, representing a 31.0% decrease as compared with approximately HK\$67.2 million for the six months ended 30 June 2021 (the "**Comparative Period**"). Loss attributable to the owners of the Company for the Period was approximately HK\$8.1 million, representing a 40.6% increase as compared with that of approximately HK\$5.8 million in the Comparative Period.

#### Revenue

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

The Group's LED products division recorded a revenue of approximately HK\$44.5 million for the Period (Comparative Period: HK\$66.0 million). The weak consumer sentiment and market condition have resulted in conservative procurement planning by customers, and the production has yet to resume to the normal level before the pandemic. The pandemic will remain the biggest uncertainty faced by the Group 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 the pandemic, raw material shortage and the change of customer appetite.

##### ***Optoelectronics products division***

The Group's optoelectronics products division recorded a revenue of approximately HK\$1.8 million during the Period (Comparative Period: HK\$1.2 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 revenue of approximately HK\$26,000 during the Period (Comparative Period: HK\$1,000). 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.

## **Administrative and other operating expenses**

Total administrative and other operating expenses were approximately HK\$8.8 million for the Period (Comparative Period: approximately HK\$7.4 million), representing an increase of HK\$1.4 million. Such increase was primarily due to the increase in expense in relation to the development new products during the Period.

## **Provision for impairment of trade receivables**

The Group recognised loss allowances for trade receivables, based on the management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions.

As at 30 June 2022, loss allowance of approximately HK\$7.9 million (31 December 2021: HK\$7.1 million) was recognised with respect to the Group's trade receivables.

## **Provision for impairment of inventories**

The Group assessed the provision of inventories at each period end and make allowance for obsolete and slow-moving inventory items identified that are no longer recoverable or suitable for use. The management estimates the net realisable value for inventories based on the nature, ageing, latest selling price, and expectation of future sales orders. The estimates are also subject to uncertainty of market trends, customer demands and technological development.

As at 30 June 2022, provision for impairment of inventories of approximately HK\$2.6 million (31 December 2021: HK\$2.7 million) was recognised.

## **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 lease liabilities, 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 2022 and 31 December 2021 were as follows:

	<b>30 June 2022 HK\$'000</b>	31 December 2021 HK\$'000
Other borrowings	<b>3,885</b>	15,582
Promissory notes	<b>15,000</b>	15,000
Lease liabilities	<b>2,601</b>	3,685
Less: cash and cash equivalents	<b>(4,224)</b>	(4,754)
Net debt	<b>17,262</b>	29,513
Total equity	<b>30,985</b>	26,002
Total capital	<b>48,247</b>	55,515
Gearing ratio	<b>35.8%</b>	53.2%

The decrease in gearing ratio was attributable to the decrease in other borrowings during the Period.

The total equity of the Group were increased to approximately HK\$31.0 million as at 30 June 2022 (31 December 2021: approximately HK\$26.0 million), which was resulted from the share subscription completed during the Period. The Group's net current assets amounted to approximately HK\$15.2 million as at 30 June 2022 (31 December 2021: approximately HK\$8.2 million), of which approximately HK\$4.2 million (31 December 2021: approximately HK\$4.8 million) was cash and cash equivalents.

As at 30 June 2022, the Group had cash and cash equivalents of approximately HK\$4.2 million (31 December 2021: approximately HK\$4.8 million), of which approximately 90% and 10% (31 December 2021: approximately 79% and 21%) were denominated in Renminbi ("**RMB**") and Hong Kong dollars ("**HKD**") respectively.

As at 30 June 2022, 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	18,119
Renminbi	766
	18,885

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 additional funding, through the issuance of new shares, obtaining of borrowings and disposals of assets, to strengthen the Group's financial position and to finance new projects.

## SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE AND USE OF PROCEEDS

On 15 December 2021, the Company entered into subscription agreements with two independent third parties (the “**Subscribers**”), pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have agreed to subscribe for an aggregate of 314,503,450 subscription shares at a price of HK\$0.05 per share (the “**Subscription**”). The gross and net proceeds from the Subscription were approximately HK\$15.73 million and HK\$15.56 million, respectively, which was intended to be used as to approximately HK\$10.00 million for the settlement of liabilities of the Group when they fall due, and as to the remaining HK\$5.56 million for the replenishment of the working capital of the Group.

On 10 January 2022, the Subscription was completed and 314,503,450 subscription shares were allotted and issued to the Subscribers. As at the date of this announcement, the net proceeds from the Subscription were fully utilised as intended. For further details, please refer to the announcements of the Company dated 15 December 2021 and 10 January 2022.

## CAPITAL REORGANISATION

In January 2022, the Board proposed to implement capital reorganisation of the share capital of the Company involving the Share Consolidation, the Capital Reduction and the Share Premium Reduction (hereinafter defined) (collectively, the “**Capital Reorganisation**”) as follows:

- (1) every ten issued and unissued Existing Shares of HK\$0.05 each was consolidated into one Consolidated Share of HK\$0.50 each (the “**Share Consolidation**”);
- (2) the issued share capital of the Company was reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.49 on each of the issued Consolidated Shares such that the par value of each issued Consolidated Share was reduced from HK\$0.50 to HK\$0.01 (the “**Capital Reduction**”);
- (3) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of HK\$0.50 each was sub-divided into fifty unissued New Shares of HK\$0.01 each;
- (4) the entire amount standing to the credit of the share premium account of the Company was cancelled (the “**Share Premium Reduction**”); and
- (5) the credits arising in the books of the Company from (i) the cancellation of any fraction in the issued share capital of the Company which arise from the Share Consolidation; (ii) the Capital Reduction; and (iii) the Share Premium Reduction were credited to the contributed surplus account of the Company within the meaning of the Companies Act.

Following the passing of the resolution of the Company to approve the Capital Reorganisation at the special general meeting held on 16 March 2022, the Capital Reorganisation became effective on 18 March 2022.

## **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 2022, the Group had 87 employees (31 December 2021: 76). 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 option scheme. The total staff costs including Directors' remuneration for the Period were approximately HK\$3.5 million (Comparative Period: approximately HK\$3.3 million).

## **Pledge of assets**

As at 30 June 2022, the Group had no pledge of assets (31 December 2021: Nil).

## **Contingent liabilities**

As at 30 June 2022, the Group had no material contingent liabilities (31 December 2021: Nil).

## **Investments, acquisitions and disposals**

The Group had no significant investments, material acquisitions and disposal of subsidiaries and affiliated companies during the Period, nor there was any future plans for material investments or additions of capital assets as at 30 June 2022.

## **PROSPECTS**

The outbreak of COVID-19 since 2020 has led to uncertain macroeconomic environment. 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 prevalent spread of the Omicron variant does not bode well, the central government has rolled out stringent movement restrictions, mass testing programs, and lockdowns. Disruptions to factories and key logistics choke-points may lead to adverse impact on our business. The evolving pandemic will remain the biggest uncertainty the Group will face in 2022.

The Group will closely monitor the situation and the Group's exposure to the risks and uncertainties in connection with COVID-19, 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 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, there is no other development of these litigation, 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 2022, the interests and short positions of the Directors and the chief executive of the Company (the “**Chief Executive**”) 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”)**

<b>Name of Director/ Chief Executive</b>	<b>Capacity/Nature of interests</b>	<b>No. of Shares Held</b>	<b>Underlying Shares</b>	<b>Long/Short Position</b>	<b>Approximate percentage of the issued Shares (Note)</b>
Wong Kin Hong	Beneficial owner	2,550,000	–	Long Position	1.35%

*Note:* The percentage represents the number of Shares interested divided by the number of the issued Shares as at 30 June 2022.

As at 30 June 2022, save as disclosed above, none of the Directors and the Chief Executive 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 2022, so far as the Directors are aware, the persons (other than a Director or the Chief Executive) 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:

<b>Name of substantial shareholder</b>	<b>Capacity/Nature of interests</b>	<b>Number of Shares Held</b>	<b>Underlying Shares</b>	<b>Long/Short Position</b>	<b>Approximate percentage of the Company's issued Shares</b> <i>(Note)</i>
Elisabeta Ling	Beneficial owner	11,850,000	–	Long Position	6.28%
Wu Yuesheng	Beneficial owner	16,450,345	–	Long Position	8.72%
Yang Li	Beneficial owner	15,780,500	–	Long Position	8.36%

*Note:* The percentage represents the number of Shares interested divided by the number of the issued Shares as at 30 June 2022.

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 2022, 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.

## **SHARE OPTIONS SCHEME AND OUTSTANDING SHARE OPTIONS**

On 8 March 2011, the Company approved and adopted a share option scheme (the “**2011 Share Option Scheme**”) which expired on 7 March 2021. After 7 March 2011, no further share option shall be granted pursuant to the 2011 Share Option Scheme but the 2011 Share Option Scheme shall in all other respects remain in force and effect and the options which were granted during the life of the 2011 Share Option Scheme may continue to be exercisable subject to their respective terms of issue and the provision of the 2011 Share Option Scheme.

### **2011 SHARE OPTION SCHEME**

The purpose of the 2011 Share Option Scheme provided incentives and rewards to eligible participants who contribute to the success of the Group’s operations.

Eligible participants of the 2011 Share Option Scheme include the Company’s Directors, including independent non-executive directors, employees, whether full-time or part-time, of the Group or any Invested Entity (as defined in the 2011 Share Option Scheme), suppliers of goods or services to the Group or any Invested Entity, customers of the Group or any Invested Entity, person or entity that provides research, development or other technological support to the Group or any Invested Entity, and any shareholder of any member of the Group or any Invested Entity or holder of securities issued by any member of the Group or any Invested Entity. Under the 2011 Share Option Scheme, the Board of Directors of the Company may grant options to eligible employees (including any executive, non-executive and independent non-executive directors), supplier, customer, shareholder and adviser or consultant of any members of the Group and any person or entity that provides research, development or other technological support to any members of the Group.

The total number of shares that may be issued upon exercise of all options to be granted under the 2011 Share Option Scheme shall not in aggregate exceed 10% of the total number of shares of the Company in issue on 13 May 2016, being the date of refreshment of the 10% limit by the shareholders of the Company. The maximum number of shares of the Company in respect of which share options may be granted under the 2011 Share Option Scheme and any other schemes of the Company must not, in aggregate, exceed 30% of the total number of shares in issue from time to time. The total number of shares to be issued upon exercise of the options granted to each eligible person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue. The subscription price shall be such price as determined by the Board in its absolute discretion at the time of the making of the offer but in any case, the subscription price shall not be lower than the highest of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheets on the offer date; (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of the offer of the grant; and (iii) the nominal value of a share.

## 2021 SHARE OPTION SCHEME

The Company adopted a new share option scheme on 17 December 2021 (the “**2021 Share Option Scheme**”) for the purpose of enabling the Group to grant share options to Eligible Participants (as defined below).

### Purpose of the Scheme

The purpose of the 2021 Share Option Scheme is to provide the Company with a flexible means of giving incentives or rewards to Eligible Participants for their retention and contribution or potential contribution to the Group. The 2021 Share Option Scheme will also provide the Eligible Participants with an opportunity to have a personal stake in the Company with a view to motivating the Eligible Participants to utilise their performance and efficiency for the benefit of the Group and attracting and retaining or otherwise maintaining an on-going relationship with the Eligible Participants whose contributions are or will be beneficial to the long term growth of the Group.

Subject to the terms of the 2021 Share Option Scheme, the Board shall be entitled at any time within the period of 10 years after the adoption date, being 17 December 2021 to 16 December 2031, to grant share options to (i) any director or employee (whether full time or part-time) of the Group; and (ii) any business consultant of the Group retained or mid to long term basis to provide services to the Group in its ordinary and usual course of business (the “**Eligible Participants**”).

### Time on Grant of Options

A grant of share option pursuant to the 2021 Share Option Scheme (the “**Share Option**”) may not be made after inside information has come to the Company’s knowledge until such inside information has been announced pursuant to the requirements of the GEM Listing Rules and during the period commencing one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange under the GEM Listing Rules) for the approval of the Company’s any yearly, half-yearly, quarterly or interim results, and (b) the deadline for the Company to publish its yearly or half yearly results under the GEM Listing Rules or quarterly or interim (whether or not required under the GEM Listing Rules) and ending on the date of the results announcement.

### Maximum Number of Shares Available for Subscription Under the 2021 Share Option Scheme

The total number of Shares which may be issued upon exercise of all share options to be granted under the 2021 Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the 2021 Share Option Scheme (excluding any options which have lapsed in accordance with the terms of the 2021 Share Option Scheme or any other share option schemes of the Company) (the “**Scheme Mandate Limit**”). The Scheme Mandate Limit was 157,251,725 Shares, representing 10% of the issued Shares as of the adoption date of the 2021 Share Option Scheme. The Scheme Mandate Limit was adjusted to be 15,725,172 Shares due to the effect of the Capital Reorganisation of the Company on 18 March 2022. The Scheme Mandate Limit represents approximately 8.3% of the total number of Shares in issue as at the date of the interim report.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the 2021 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.

### **Maximum Entitlement of Each Eligible Participant**

The total number of securities issued and to be issued upon exercise of the Share Options granted to each Eligible Participant (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of Share Options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all Share Options granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the relevant class of securities in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his associates abstaining from voting.

### **Minimum Period for Which an Option Must Be Held**

Unless otherwise determined by the Directors at their sole discretion, there is no requirement of a minimum period for which a Share Option must be held before such a Share Option can be exercised under the terms of the 2021 Share Option Scheme.

### **Time of Exercise of Option**

A Share Option shall be exercisable at any time during an option period to be notified by the Board to each grantee, provided that no Share Option shall be exercisable later than ten years after its date of grant.

### **Performance Target**

The 2021 Share Option Scheme does not specify a minimum period for which a Share Option must be held nor a performance target which must be achieved before a Share Option can be exercised.

### **Amount Payable Upon Acceptance of Option**

HK\$1.00 is payable by each Eligible Participant to the Company on acceptance of an offer of a Share Option, which shall be paid within 21 days from the date on which an offer is made to an Eligible Participant.

### **Basis of Determining the Subscription Price**

The basis for determination of the subscription price is also specified precisely in the rules of the 2021 Share Option Scheme, such that the subscription price must be at least the highest of:

- (a) the closing price of a Share as stated in the daily quotations sheet of the Stock Exchange on the date of grant which must be a Business Day (as defined in the circular of the Company dated 19 November 2021);
- (b) the average of the closing prices of the Shares as shown on the daily quotation sheets of the Stock Exchange for the five Business Days immediately preceding the date of grant; and
- (c) the nominal value of a Share.

## **Remaining Life of the Scheme**

As at 30 June 2022, the remaining life of the 2021 Share Option Scheme was approximately 9 years and 5 months.

Further details of the principal terms of the 2021 Share Option Scheme are set out in the circular of the Company dated 19 November 2021.

As at 30 June 2022, no option had been granted or agreed to be granted by the Company pursuant to the 2021 Share Option Scheme.

## **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 C.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 announcement, 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 announcement 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, 12 August 2022

As at the date of this announcement, 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 announcement 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 announcement will also be published on the website of the Company (<http://www.victoryhousefp.com/lchp/8150.html>).*