SGC
Seamless Green China

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

HIGHLIGHTS

- The Group recorded total revenue for the year ended 31 December 2017 of approximately HK$40.7 million, representing approximately 217% increase over 2016.
- The Group recorded an audited loss attributable to owners of the Company for the year ended 31 December 2017 of approximately HK$15.9 million, representing a decrease of loss of approximately 16% as compared to 2016.
- The Board does not recommend the payment of any dividends for the year ended 31 December 2017.

AUDITED ANNUAL RESULTS

The directors (the "Directors") of Seamless Green China (Holdings) Limited (the "Company") are pleased to announce the audited results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017 (the "Year") together with the comparative audited figures for the year ended 31 December 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	**2017** **HK$'000**	2016 HK$'000
Revenue	*4*	**40,680**	12,822
Cost of sales		**(36,347)**	(12,367)
Gross profit		**4,333**	455
Other income and gains	*5*	**901**	1,170
Selling and distribution costs		**(73)**	(149)
Administrative and other operating expenses		**(11,198)**	(13,353)
Change in fair value of investment property		**(585)**	347
Impairment loss on trade receivables		**–**	(3,768)
Impairment loss on other receivables		**(2,006)**	(2,902)
Impairment loss on interests in associates		**(4,974)**	–
Impairment loss on available-for-sale financial assets transferred from investment revaluation reserve		**(1,255)**	–
Loss from operations		**(14,857)**	(18,200)
Share of profits of associates		**71**	176
Loss before tax	*7*	**(14,786)**	(18,024)
Income tax expense	*8*	**(1,054)**	(114)
Loss for the year		**(15,840)**	(18,138)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign subsidiaries		**3,174**	(1,678)
Change in fair value of available-for-sale financial assets		**(413)**	(302)
Reclassified to profit or loss		**1,255**	–
Share of other comprehensive income of associates		**–**	(3)
Other comprehensive income for the year, net of tax		**4,016**	(1,983)
Total comprehensive income for the year		**(11,824)**	(20,121)

	Note	**2017**	2016
		HK$'000	HK$'000
Loss for the year attributable to:			
Owners of the Company		**(15,862)**	(18,790)
Non-controlling interests		**22**	652
		(15,840)	(18,138)
Total comprehensive income attributable to:			
Owners of the Company		**(11,846)**	(20,773)
Non-controlling interests		**22**	652
		(11,824)	(20,121)
Loss per share attributable to the owners of the Company			
– Basic	*10*	**HK(1.10) cents**	HK(1.47) cents
– Diluted	*10*	**HK(1.10) cents**	HK(1.47) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	**2017** HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**4,366**	2,306
Investment property		**14,707**	14,183
Interests in associates		**–**	4,903
Available-for-sale financial assets		**1,094**	1,507
Total non-current assets		**20,167**	22,899
Current assets			
Inventories		**3,507**	291
Trade and other receivables	*11*	**38,948**	6,067
Current tax recoverable		**39**	36
Cash and cash equivalents		**42,784**	35,568
Total current assets		**85,278**	41,962
TOTAL ASSETS		**105,445**	64,861
Current liabilities			
Trade and other payables	*12*	**23,736**	9,478
Current tax liabilities		**1,041**	4
Promissory notes		**15,000**	15,000
Total current liabilities		**39,777**	24,482
Net current assets		**45,501**	17,480
Total assets less current liabilities		**65,668**	40,379
Non-current liabilities			
Deferred tax liabilities		**1,121**	1,039
NET ASSETS		**64,547**	39,340
CAPITAL AND RESERVES			
Share capital		**78,626**	64,350
Reserves		**(13,275)**	(24,184)
Equity attributable to owners of the Company		**65,351**	40,166
Non-controlling interests		**(804)**	(826)
TOTAL EQUITY		**64,547**	39,340

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. Corporate information

Seamless Green China (Holdings) Limited (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.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") (rounded to the nearest thousand except for per share data), which is the same as the functional and presentation currency of the Company.

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

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

Going concern basis

The Group incurred a loss attributable to owners of the Company for both the years ended 31 December 2016 and 2017, of HK$18,790,000 and HK$15,862,000 respectively. Notwithstanding this fact, the Directors consider it is appropriate to prepare the consolidated financial statements on a going concern basis as the Group is expected to have sufficient financial resources to meet its obligation as they fall due for at least the next twelve months based on its projected cash flow forecasts. The Group's management has reviewed the financial position of the Group as at 31 December 2017, including its working capital and bank and cash balances, together with the projected cash flow forecasts for the next twelve months and the Directors consider that the Group is financially viable to continue as a going concern.

In addition, if necessary, the Group can also improve its financial position, immediate liquidity and cash flows, by adopting the following measures:

(a) the management can increase the capital base of the Group through various fund-raising exercise, including but not limited to, issuing right shares to the qualifying shareholders and/or placing of new shares; and

(b) the Directors will take action to reduce costs.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value 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 liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

3. Adoption of new and revised Hong Kong Financial Reporting Standards

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2017. None of these impact on the accounting policies of the Group.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to HKAS 40 Investment Property Transfers of investment property	1 January 2018
HKFRS 16 Leases	1 January 2019
HK (IFRIC) 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
HK (IFRIC) 23 Uncertainly over Income Tax Investments	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ended 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

HKFRS 9 Financial Instruments

HKFRS 9 will replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

3. Adoption of new and revised Hong Kong Financial Reporting Standards *(continued)*

(b) New and revised HKFRSs in issue but not yet effective *(continued)*

HKFRS 9 Financial Instruments *(continued)*

(a) Classification and measurement

The Group expects to irrevocably designate those listed and unlisted equity securities currently classified as available-for-sale as at fair value through other comprehensive income.

Fair value gains and losses on these instruments will no longer be recycled to profit or loss on disposal. Impairment losses on equity securities will no longer be recognised in profit loss but rather in other comprehensive income. In addition, the Group currently measures certain unlisted equity securities at cost less impairment. Under HKFRS 9 these instruments will be measured at fair value.

(b) Impairment

HKFRS 9 requires the Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the applciaiton of the expected credit loss model will result in earlier recognition of credit losses. Based on a preliminary assessment, if the Group were to adopt the new impairment requirements at 31 December 2017, there will be no significant impact on impairment loss.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

Currently, revenue arising from the provision of sales of manufactured goods and trading of goods generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

3. Adoption of new and revised Hong Kong Financial Reporting Standards *(continued)*

(b) New and revised HKFRSs in issue but not yet effective *(continued)*

HKFRS 15 Revenue from Contracts with Customers *(continued)*

(a) Timing of revenue recognition (continued)

For contracts with customers in which the sales of manufactured goods and trading of goods is generally expected to be the only performance obligation, adoption of HKFRS 15 is not expected to have any impact on the Group's revenue or profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Warranty obligations

The Group generally provides for warranties for repairs to any defective electrical products and does not provide extended warranties in its contracts with customers. As such, most existing warranties will be assurance-type warranties under HKFRS 15, which will continue to be accounted for under HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office property leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

The Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to HK$1,129,000 as at 31 December 2017. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

HK(IFRIC) 23 Uncertainty over Income Tax Treatments

The interpretation of HKAS 12 Income Taxes sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a group depending on which approach will be better to predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The Group is unable to estimate the impact of the interpretation on the consolidated financial statements until a more detailed assessment has been completed.

4. Revenue

The Group's revenue represents the sales of goods to customers, net of discounts and sales related tax during the year.

5. Other income and gains

	2017	2016
	HK$'000	HK$'000
Bank interest income	**598**	1,067
Reversal of allowance for trade receivables	**280**	–
Others	**23**	103
	901	1,170

6. Segment information

Segment information reported by the Group's operating division to the chief operating decision maker ("CODM"), i.e. the Directors, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. The Group's operating and reportable segments under HKFRS 8 are as follows:

(a) The synthetic sapphire watch crystals segment ("Sapphire") is a supplier of watch crystals mainly for use in the manufacturing of watch products;

(b) The optoelectronic products segment ("Optoelectronic") is a supplier of optoelectronic products for use in the watch products;

(c) The liquor products segment ("Liquor") is engaged in trading of wine; and

(d) The LED products segment ("LED") is engaged in manufacturing and trading of LED lighting or related products.

For the purposes of assessing segment performance and resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment revenue represents revenue generated from external customers. There were no inter-segment sales in the year (2016: Nil).

Reportable segment results represent the profit or loss resulted by each segment and do not include bank interest income, change in fair value of investment property, impairment loss on other receivables, reversal of allowance for other receivables, share of profits of associates and unallocated corporate expenses.

Segment assets do not include unallocated corporate assets, including bank and cash balances, investment property, interests in associates and available-for-sale financial assets. Segment liabilities do not include promissory notes, unallocated corporate liabilities and current and deferred tax liabilities.

6. Segment information *(continued)*

(a) Segment revenue and results

	Sapphire HK$'000	Optoelectronic HK$'000	Liquor HK$'000	LED HK$'000	Total for reportable segments HK$'000
Year ended 31 December 2017					
Revenue from external customers	**–**	**2,805**	**754**	**37,121**	**40,680**
Segment results	**(2)**	**752**	**143**	**2,393**	**3,286**
Year ended 31 December 2016					
Revenue from external customers	–	971	4,636	7,215	12,822
Segment results	(328)	(2,748)	1,347	(4,955)	(6,684)

	2017 HK$'000	2016 HK$'000
Reconciliation:		
Total profit or loss of reportable segments	**3,286**	(6,684)
Unallocated amounts:		
Unallocated corporate income	**–**	26
Change in fair value of investment property	**(585)**	347
Impairment loss on other receivables	**(2,006)**	(1,104)
Impairment loss on available-for-sale financial assets transferred from investment revaluation reserve	**(1,255)**	–
Impairment loss on interests in associates	**(4,974)**	–
Share of profits of associates	**71**	176
Unallocated corporate expenses		
– staff costs	**(2,853)**	(2,829)
– others	**(6,470)**	(7,956)
Consolidated loss before tax	**(14,786)**	(18,024)

6. Segment information *(continued)*

(b) Segment assets and liabilities

	Sapphire	Optoelectronic	Liquor	LED	Total for reportable segments
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2017					
Segment assets	**–**	**1,777**	**5,166**	**60,454**	**67,397**
Segment liabilities	**(19)**	**(1,352)**	**(7)**	**(16,430)**	**(17,808)**
At 31 December 2016					
Segment assets	–	90	–	41,132	41,222
Segment liabilities	(2,349)	(1,273)	(22)	(2,542)	(6,186)

	2017	2016
	HK$'000	HK$'000
Reconciliation:		
Total assets of reportable segments	**67,397**	41,222
Unallocated assets		
– Investment property	**14,707**	14,183
– Interests in associates	**–**	4,903
– Available-for-sale financial assets	**1,094**	1,507
– Bank and cash balances	**21,567**	976
– Others	**680**	2,070
Consolidated total assets	**105,445**	64,861
Total liabilities of reportable segments	**(17,808)**	(6,186)
Unallocated liabilities		
– Promissory notes	**(15,000)**	(15,000)
– Current tax liabilities	**(1,041)**	(4)
– Deferred tax liabilities	**(1,121)**	(1,039)
– Others	**(5,928)**	(3,292)
Consolidated total liabilities	**(40,898)**	(25,521)

6. Segment information *(continued)*

(c) Other segment information

For the year ended 31 December 2017:

	Sapphire	Optoelectronic	Liquor	LED	Unallocated	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Capital expenditure	**–**	**–**	**–**	**2,073**	**13**	**2,086**
Interest income	**–**	**–**	**–**	**598**	**–**	**598**
Depreciation	**–**	**4**	**–**	**167**	**29**	**200**
Income tax expense	**–**	**–**	**21**	**1,033**	**–**	**1,054**
Impairment loss on available-for-sale financial assets transferred from investment revaluation reserve	**–**	**–**	**–**	**–**	**1,255**	**1,255**
Impairment loss on interests in associates	**–**	**–**	**–**	**–**	**4,974**	**4,974**
Impairment loss on other receivables	**–**	**–**	**–**	**–**	**2,006**	**2,006**

For the year ended 31 December 2016:

Capital expenditure	–	–	–	580	32	612
Interest income	–	–	–	1,066	1	1,067
Depreciation	312	–	–	124	27	463
Income tax expense	–	–	–	15	99	114
Impairment losses on trade and other receivables	–	458	–	5,108	1,104	6,670

(d) Geographical information

The Group's operations are mainly located in Hong Kong and the People's Republic of China ("PRC").

The Group's revenue from external customers by location of operation and information about its non-current assets by location of assets are detailed below:

	Revenues from external customers		**Non-current assets**	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**6,894**	3,455	**485**	500
PRC	**32,089**	2,646	**18,588**	20,892
Philippines	**1,697**	2,077	**–**	–
Macau	**–**	3,552	**–**	–
South America	**–**	1,092	**–**	–
	40,680	12,822	**19,073**	21,392

6. Segment information *(continued)*

(e) Information about major customers

The following table set out the information for the Group's customers contributing over 10% total revenue:

	2017	2016
	HK$'000	HK$'000
Customer A	**–**	3,552
Customer B	**–**	2,190
Customer C	**–**	2,078
Customer D	**7,035**	–
Customer E	**4,890**	–
Customer F	**4,605**	–
Customer G	**4,199**	–
	20,729	7,820

Save as disclosed above, there was no other single customer contributing over 10% total revenue of the Group for the year ended 31 December 2017.

7. Loss before tax

The Group's loss before tax is stated at after charging/(crediting) the following:

	2017	2016
	HK$'000	HK$'000
Depreciation	**200**	463
Impairment losses on		
– Interests in associates	**4,974**	–
– Trade receivables	**–**	3,768
– Other receivables	**2,006**	2,902
– Available-for-sale financial assets transferred from investment revaluation reserve	**1,255**	–
Cost of inventories sold	**36,347**	12,367
Loss on disposal of property, plant and equipment	**16**	–
Allowance for inventories (included in administrative and other operating expenses)	**–**	407
Reversal of allowance for trade receivables	**(280)**	–
Reversal of allowance for inventories (included in cost of inventories sold) (2016: included in administrative and other operating expenses)	**(63)**	(1,364)
Operating leases charges:		
– Buildings	**1,991**	1,609
– Motor vehicle	**25**	17
Auditor's remuneration		
– Current year	**600**	635
– Under-provision for prior year	**–**	77
Foreign exchange losses	**997**	621

Cost of inventories sold includes staff costs, depreciation and operating lease charges of HK$678,000 (2016: HK$592,000) and reversal of allowance for inventories of HK$63,000 (2016: Nil) which are included in the amounts disclosed separately above.

8. Income tax expense

Income tax has been recognised in profit or loss as followings:

	2017	2016
	HK$'000	HK$'000
Provision for current income tax		
– Hong Kong Profits Tax	**21**	–
– PRC Enterprise Income Tax	**985**	15
Under provision in prior year		
– PRC Enterprise Income Tax	**48**	–
Deferred tax	**–**	99
	1,054	114

Hong Kong Profits Tax has been provided at a rate of 16.5% (2016: Nil) on the estimated assessable profit for the year ended 31 December 2017.

PRC Enterprise Income Tax is calculated at 25% (2016: 25%).

9. Dividends

The Board does not recommend the payment of any dividends to the owners of the Company for the year ended 31 December 2017 (2016: HK$ Nil).

10. Loss per share

(a) Basic loss per share

The basic loss per share is calculated based on the loss attributable to the owners of the Company of HK$15,862,000 (2016: HK$18,790,000) and the weighted average number of 1,443,523,491 shares (2016: 1,274,419,159) in issue during the year.

(b) Diluted loss per share

Diluted loss per share for the year ended 31 December 2017 was same as the basic loss per share as the potential shares araising from the exercise of the Company's share options would decrease the loss per share of the Group for the Year and is regarded as anti-dilutive.

11. Trade and other receivables

	2017	2016
	HK$'000	HK$'000
Trade receivables	**37,095**	4,970
Allowance for doubtful debts	**(3,635)**	(3,635)
	33,460	1,335
Loan receivables	**–**	2,006
Other receivables	**363**	447
Prepayments and deposits	**5,125**	2,279
	38,948	6,067

During the year, the Group entered into the business strategic agreements with certain customers in order to further penetrate into the market in the PRC, where the Group's credit terms on sales ranged from 20 to 300 days (2016: 30 to 90 days). The aging analysis of the trade receivables (net of allowance for doubtful debts) at the end of the reporting period, based on the invoice date, is as follows:

	2017	2016
	HK$'000	HK$'000
0 – 30 Days	**12,292**	363
31 – 60 Days	**2,485**	–
61 – 90 Days	**1,361**	873
Over 90 Days	**17,322**	99
	33,460	1,335

12. Trade and other payables

	2017	2016
	HK$'000	HK$'000
Trade payables	**14,882**	1,700
Other payables and accrued charges	**8,854**	7,778
	23,736	9,478

The aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2017	2016
	HK$'000	HK$'000
0 – 30 Days	**12,872**	1,585
31 – 60 Days	**148**	4
61 – 90 Days	**10**	–
Over 90 Days	**1,852**	111
	14,882	1,700

The trade payables are non-interest bearing and are normally settled on 60 days terms.

BUSINESS AND FINANCIAL REVIEW

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

Total revenue of the Group for the Year amounted to approximately HK$40.7 million, representing a 217% increase from that of approximately HK$12.8 million generated in 2016. Loss attributable to owners of the Company for the Year was approximately HK$15.9 million while such loss was approximately HK$18.8 million in 2016.

Sapphire watch crystals division

The Group's sapphire watch crystals division did not generate any revenue during the Year (2016: Nil), principally due to the sluggish market of traditional watches resulted from competition of smart watches. In addition, the Group's watch manufacturing facilities need substantial maintenance, upgrade and replacement if the Group is to accept more profitable orders. The Company is exploring opportunities in trading of watches and watch-related components, which are less reliant on intensive capital expenditure, with the view to leveraging on its established experience in watch industry by way of vertical diversification.

Optoelectronics products division

The Group's optoelectronics products division recorded a revenue of approximately HK$2.8 million during the Year (2016: approximately HK$1.0 million), represented an increase of approximately 189% as compared to 2016. The division's performance remains weak due to the sluggish market of traditional watches. The increase in sales in 2017 was mainly due to deliveries in the fourth quarter of 2017 pursuant to new trading orders received by the Group in respect of watch related components. The Board will continue to monitor the market situation and will continue to explore business opportunities which are less capital-reliant to leverage on the Group's established experience in watch industry.

LED lighting and related products division

The Group's LED products division recorded a revenue of approximately HK$37.1 million for the Year (2016: approximately HK$7.2 million), representing an increase of approximately 414%. The volume of purchase orders of the Group's LED division sharply rebounded since the second quarter of 2017. The price and supply of raw material has finally stabilized after several months of severe fluctuation on a worldwide basis, enabling the Group to have a better planning on purchase order acceptances. In addition, with the obtaining of TUV accreditation on the Group's LED lighting devices around the end of 2016, the Group's new business strategy on the LED division is starting to take effect and make good progress, as reflected by the signing of business contracts with important customers in the LED lighting industry in the second, third and fourth quarters of 2017.

Trading of liquor products division

The Group's liquor trading division recorded a revenue of approximately HK$0.8 million (2016: HK$4.6 million), representing a decrease of approximately 83% as compared to 2016. The division has been suffering from the market downturn of the trading of Chinese liquor in Hong Kong, due to the decreasing demand and consumption of high-end Chinese liquor and the decrease of Chinese visitors to Hong Kong, and the liquor trading business is rather inactive in the first half of the Year.

With respect to the change in the market condition, during the Year, the Group strategically diversified its product range to include western liquor, by entering into supply agreements with several liquor suppliers and an Italian red wine supplier to source western liquor including Cognac and Extra Old Cognac, and Italian red wine respectively. In addition, the Group also entered into distribution agreements with both online and offline distributors, to set up the platform for the Group liquor trade business. The Group successfully reactivated its liquor trading business in the last quarter in 2017 and recorded a revenue of HK$0.8 million accordingly.

Other income and gains

Other income and gains for the Year amounted to approximately HK$0.9 million, representing a decrease of approximately HK$0.3 million from that of HK$1.2 million generated in 2016. The decrease in other income and gains was mainly due to the decrease in interest income during the Year.

Administrative and other operating expenses

Total administrative and other operating expenses were approximately HK$11.2 million for the Year (2016: approximately HK$13.4 million), representing a decrease of HK$2.2 million. The slightly decrease in administrative and other operating expenses was mainly due to the cost control measures adopted by the management to control the expenditure of the Group.

Impairment loss on interests in associates and loan receivable from an associate

The Group recognised impairment loss of HK$4,974,000 for the year ended 31 December 2017 on its interests in associates, Full Pace Holdings Limited ("Full Pace") and its wholly-owned subsidiary, TDI Transportation Display International Limited (the "Full Pace Group"). Besides, the Group also recognised impairment loss on loan receivable due from Full Pace of HK$2,006,000 for the year ended 31 December 2017. As the Full Pace failed to settle the loan receivable upon repeated demands and the majority investor has withdrawn substantially all of the funds from Full Pace Group, the Directors are of the opinion that these amounts are irrecoverable and accordingly made full impairment on them as a matter of prudent practice.

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. To maintain or adjust the capital structure, the Directors may adjust the dividend payment to the Shareholders, return capital to the Shareholders or issue new shares.

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.

The shareholders' funds of the Group increase to approximately HK$64.5 million as at 31 December 2017 (2016: approximately HK$39.3 million), which was mainly due to the placing of shares completed during the Year, and partially offset by the operating loss during the Year. The Group's current assets amounted to approximately HK$85.3 million as at 31 December 2017 (2016: approximately HK$42.0 million), of which approximately HK$42.8 million (2016: approximately HK$35.6 million) was cash and cash equivalents.

As at 31 December 2017, the Group had cash and cash equivalents of approximately HK$42.8 million (2016: approximately HK$35.6 million), of which approximately 70%, 28% and 2% (2016: approximately 9%, 89% and 2%) were denominated in Hong Kong dollars ("HKD"), Chinese Renminbi ("RMB") and United States dollars ("USD") respectively.

As at 31 December 2017, the Group's borrowing comprised the promissory notes amounting to approximately HK$15.0 million (2016: approximately HK$15.0 million). The promissory notes were expected to be repayable within one year and are denominated in HKD.

The Group's gearing ratio as at 31 December 2017 was -6.6% (2016: -38.1%). The Group's gearing ratio was kept at a low level as other than the promissory notes of approximately HK$15 million (2016: approximately HK$15 million), the Group had no other borrowings. Gearing ratio is calculated by dividing the net debt with the aggregate of total capital and net debt. Net debt includes trade payables and other payables, and promissory notes, less cash and cash equivalents. Total capital represents equity attributable to owners of the Company.

After considering the Group's financial results for the Year and existing financial position, the Board will actively seek new additional funding, including but not limited to the issue of new shares and new bank loans to strengthen the Group's financial position and finance new projects.

Foreign currency risk

During the Year, the Group had transactional currency exposures as the sales and purchases of the Group were mainly transacted in USD, RMB and HKD.

During the Year, the exchange rate of USD was quite stable and the exchange rate of RMB was comparatively volatile.

As at 31 December 2017, the Group had not hedged any foreign currency sales to reduce such foreign currency risk. The management will, however, monitor this risk and if the exchange rates of these foreign currencies have continuous fluctuation, the management will consider using forward currency contracts to reduce these risks.

Contingent liabilities

At 31 December 2017, the Group had no material contingent liabilities.

Employees and remuneration policies

As at 31 December 2017, the Group had 67 employees (2016: 38). 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 2017 were approximately HK$4.3 million (2016: approximately HK$5.9 million).

Litigations

(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").

On 31 May 2016, the Statement of Claim was filed and served to Ms. Lee. On 21 July 2016, Ms. Lee filed a Defence and Counterclaim alleging misrepresentation and breach of contract on the part of Good Return and claiming damages. She also seeks to rectify and rescind previous agreements. The damages claimed by Ms. Lee have not been quantified in her Defence and Counterclaim (the "Counterclaim"). On 1 December 2016, Good Return filed and served its Reply and Defence to Counterclaim. The Company has instructed its legal adviser to uphold its rights in the Legal Action and the Counterclaim.

(iv) On 11 February 2015, the Company and Silver Bonus Limited (a wholly-owned subsidiary of the Company and the purchaser to the acquisition) issued a writ of summons against Mr. Lau Hin Chung (the first vendor), Shinning Team Investment Limited (the second vendor), Neo Partner Investments Ltd. (the "Target Company"), Harvest View (China) Limited (a wholly-owned subsidiary of the Target Company) and Mr. Chen Zai (the registered owner of the other 55% shareholding in the Target Company) to claim for relief including damages for breach of contract and/or rescission of contract based on misrepresentation (including a declaration that the promissory notes issued as consideration for the acquisition being null and void and unenforceable), and negligence and breach of fiduciary duties against certain ex-directors of the Company. The Company's claim relates to the acquisition by the Group of 28% shareholding in the Target Company for the consideration of HK$23,800,000, pursuant to a sale and purchase agreement dated 10 December 2012 (as supplemented by a supplemental agreement dated 14 December 2012) which was completed on 23 January 2013. The Company has instructed its legal adviser to continue to uphold its rights in the legal action.

(v) On 20 April 2016, a writ of summons was issued by Mr. Zhu Jun Min ("Mr. Zhu") against the Company for claiming a sum of approximately HK$3.5 million, being the face value of a promissory note allegedly issued by the Company to Mr. Zhu in 2013. The Company has instructed its legal adviser to uphold its rights in the legal action.

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

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

The Group had no significant investments, material acquisitions and disposal of subsidiaries and affiliated companies during the Year.

Pledge of assets

As at 31 December 2017, the Group had no pledge of assets.

Segment Information

An analysis of the Group's performance for the Year by the type of goods sold is set out in note 6 to the annual results announcement and is further elaborated under the "Business and Financial Review" above.

Fund raising activity

On 9 June 2017, a placing agreement (the "Placing Agreement") was made between the Company and Head & Shoulders Securities Limited (the "Placing Agent"), pursuant to the Placing Agreement, the Company has appointed the Placing Agent to procure altogether not less than six places, on a best effort basis, for subscribing up to an aggregate of 254,761,208 shares at HK$0.120 per share. On 26 June 2017, 254,761,208 shares have been successfully placed by the Placing Agent to seven places. The net proceeds arising from the above placing amounted to HK$30.2 million net of expenses, of which HK$9.9 million has been used as general working capital of the Group. As at 31 December 2017, the remaining HK$20.3 million has been placed in the bank.

Please refer to the Company's announcement dated 26 June 2017 for details.

PROSPECTS

The Company has been continuously reviewing its business operations and financial position for the purpose of formulating business plans and strategies for its future business development, which would enable the Group not only to develop its existing business divisions but also to capture business opportunities, diversify its businesses and broaden its income sources. During this process, the Company may streamline or restructure the business divisions which did not perform well in the past and are unlikely to turn around in near future. 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.

The Group had started its LED lighting business since 2014. During these years, LED lighting products become more and more popular, but the competition of LED manufacturing and trading industry in China was severe. Smaller LED producers have been struggling in the price war, squeezing profit margin to a dangerously low level. To survive the competition, the Group has decided to upgrade its production methodology. By the end of 2016, the Group successfully obtained TUV accreditation for our LED lighting devices. Since then, the Group has secured a few supplier contracts with important customers in the LED lighting industry in the first half of 2017. We have commenced shipment and delivery of these new orders in the second half of 2017, and two phases of production line expansion are commenced in third quarter of 2017 and planned to commence in the first quarter of 2018, respectively. The Group will continue to focus on the LED lighting business in 2018. With the expected increase in business turnover of our LED division, the Board and the management believe that the financial performance of the division will improve as a matter of economy of scale.

Iin 2017, the Group adjusted the business strategy of our liquor trading division, through diversifying our product range to include not only Chinese liquor but also western red wine, brandy and whisky. Subject to clearance of legal and tax issues, we have entered into several distribution agreements with business partners in China to establish online and offline sales channels on wholesale and retail scales. The Group liquor trading business has been relaunched in the fourth quarter of 2017 and will continue on the strategy on focusing on trading of western liquor including but not limited to red wine, brandy and whisky in 2018.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

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

Save as aforesaid, 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 report, 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 Company's audited consolidated financial statements for the Year and this annual report have been reviewed by the Audit Committee. The Audit Committee considered that the relevant financial statements had been prepared in compliance with the applicable accounting principles and requirements of the GEM Listing Rules.

SUBSEQUENT EVENT

The Group had no material event subsequent to 31 December 2017, the end of the reporting period and up to the date of this report.

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 following:

Code provision A.2.1 of the CG Code stipulates that roles of the chairman and the chief executive 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 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 INED) 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.

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 compiled with the required standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the Year.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's independent auditors, RSM Hong Kong, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (http://www.hkex.news.hk) and the Company's website (www.victoryhousefp.com/lchp/8150.html). The annual report of the Company for the Year will be dispatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 26 March 2018

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

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).