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 2018

HIGHLIGHTS

- The Group recorded total revenue for the year ended 31 December 2018 of approximately HK$121.1 million, representing approximately 197.5% increase over 2017.
- The Group recorded a loss attributable to owners of the Company for the year ended 31 December 2018 of approximately HK$6.7 million, representing a decrease of loss of approximately 57.6% as compared to 2017.
- The Board does not recommend the payment of any dividends for the year ended 31 December 2018.

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 2018 (the "Year") together with the comparative audited figures for the year ended 31 December 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Note	**2018** **HK$'000**	2017 HK$'000
Revenue	*3*	**121,060**	40,680
Cost of sales	*5*	**(110,909)**	(36,347)
Gross profit		**10,151**	4,333
Other income and other losses, net	*4*	**36**	316
Selling and distribution expenses	*5*	**(201)**	(73)
Administrative and other operating expenses	*5*	**(15,256)**	(18,178)
Impairment loss on available-for-sale financial assets transferred from investment revaluation reserve		**–**	(1,255)
Operating loss		**(5,270)**	(14,857)
Share of results of investments accounted for using the equity method		**–**	71
Loss before income tax		**(5,270)**	(14,786)
Income tax expense	*6*	**(1,425)**	(1,054)
Loss for the year		**(6,695)**	(15,840)
(Loss)/profit for the year attributable to:			
– Owners of the Company		**(6,723)**	(15,862)
– Non-controlling interests		**28**	22
		(6,695)	(15,840)
Loss per share for the loss attributable to owners of the Company for the year			
– Basic (HK cents)	*8*	**(0.43)**	(1.10)
– Diluted (HK cents)	*8*	**(0.43)**	(1.10)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	**2018**	2017
		HK$'000	HK$'000
Loss for the year		**(6,695)**	(15,840)
Other comprehensive (loss)/income, net of tax			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(4,473)**	3,174
Changes in the fair value of available-for-sale financial assets		**–**	(413)
Reclassified to profit or loss		**–**	1,255
Items that will not be reclassified to profit or loss:			
Change in the fair value of financial assets at fair value through other comprehensive income		**(762)**	–
		(5,235)	4,016
Total comprehensive loss for the year, net of tax		**(11,930)**	(11,824)
Total comprehensive (loss)/income for the year attributable to:			
– Owners of the Company		**(11,958)**	(11,846)
– Non-controlling interests		**28**	22
		(11,930)	(11,824)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	**2018** **HK$'000**	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**3,730**	4,366
Investment property		**13,741**	14,707
Financial assets at fair value through other comprehensive income		**332**	–
Available-for-sale financial assets		**–**	1,094
Other financial assets carried at amortised cost	*9*	**171**	–
Total non-current assets		**17,974**	20,167
Current assets			
Inventories		**6,223**	3,507
Trade receivables and other financial assets carried at amortised cost	*9*	**88,136**	33,981
Other current assets		**1,320**	4,967
Current tax recoverable		**–**	39
Cash and cash equivalents		**5,014**	42,784
Total current assets		**100,693**	85,278
Total assets		**118,667**	105,445
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital		**78,626**	78,626
Reserves		**(26,009)**	(13,275)
		52,617	65,351
Non-controlling interests		**–**	(804)
Total equity		**52,617**	64,547

	Note	**2018**	2017
		HK$'000	HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**1,048**	1,121
Total non-current liabilities		**1,048**	1,121
Current liabilities			
Trade and other payables	*10*	**46,687**	23,204
Contract liabilities	*3*	**1,036**	532
Current tax liabilities		**2,279**	1,041
Promissory notes		**15,000**	15,000
Total current liabilities		**65,002**	39,777
Total liabilities		**66,050**	40,898
Total equity and liabilities		**118,667**	105,445

1 General information

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

The Company was incorporated in the Cayman Islands on 18 January 2001 as an exempted company with limited liability. The issued shares of the Company's shares have been listed on GEM of The Stock Exchange of Hong Kong Limited since 10 August 2001. Pursuant to a special resolution passed on 7 January 2008, the shareholders of the Company resolved to change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The re-domicile was completed on 22 January 2008. The change of domicile has no impact on the continuity and the listing status of the Company. The addresses of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 1604, Seaview Commercial Building, 21-24 Connaught Road West, Sheung Wan, Hong Kong respectively.

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

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for the investment property, available-for-sale financial assets ("AFS") and financial asset at fair value through other comprehensive income ("FVOCI").

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

2.1 Going concern

For the year ended 31 December 2018, the Group incurred a loss attributable to owners of the Company of approximately HK$6.7 million and net cash used in operating activities of approximately HK$36.9 million.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 31 December 2018. The directors are of the opinion that, taking into account the following plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2018:

(1) In March 2019, the Group had obtained a 2-year loan of HK$15,000,000 with interest rate of 5.25% per annum from a director, in which HK$3,000,000 had been deposited to the Group in March 2019; and

(2) In March 2019, the Group had obtained a 3-year loan facility of HK$20,000,000 from a non-banking financial institution and had already drawn down HK$500,000 from this loan facility.

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

2. Basis of preparation *(continued)*

2.2 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- HKFRS 9 Financial Instruments
- HKFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions – Amendments to HKFRS 2
- Annual Improvements 2014-2016 cycle
- Transfers to Investment Property – Amendments to HKAS 40
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

The below explains the impact of Group's consolidated financial statements on the adoption of HKFRS 9 Financial Instruments ("HKFRS 9") and HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15"). The other amendments listed above did not have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(i) HKFRS 15 – Impact on the financial statements of the Group

HKFRS 15 replaces the provisions of HKAS 18 "Revenue" ("HKAS 18") and HKAS 11 "Construction Contracts" ("HKAS 11") that relate to the recognition, classification and measurement of revenue and costs.

As a result of the changes in the Group's accounting policies, as explained below, except for the reclassification of the contract liabilities from deferred revenue, HKFRS 15 was generally adopted without restating any other comparative information. The adoption of HKFRS 15 in the current period does not result in any impact on the amounts reported in the consolidated financial statements and/or disclosures set out in the consolidated financial statements except that, the Group has adopted the following accounting policies on revenues with effect from 1 January 2018.

HKFRS 15 requires that revenue from contracts with customers be recognised upon the transfer of control over goods or services to the customer. As such, upon adoption, this requirement under HKFRS 15 resulted in immaterial impact to the financial statements as the timing of revenue recognition on sale of goods is nearly unchanged. Thus, there was no impact on the Group's consolidated statement of financial position as of 1 January 2018.

(ii) HKFRS 9 – Impact on the financial statements of the Group

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 "Financial Instruments – Disclosures".

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements as described below. In accordance with the transitional provisions in HKFRS 9, HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated consolidated statement of financial position as at 31 December 2017, but are recognised in the opening consolidated statement of financial position on 1 January 2018.

2. Basis of preparation *(continued)*

2.2 Changes in accounting policies and disclosures *(continued)*

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

(ii) HKFRS 9 – Impact on the financial statements of the Group *(continued)*

Impact of adoption

(i) Classification and measurement of financial instruments

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories.

	31 December 2017, as originally presented	Reclassify from available-for- sale financial asset to financial asset at fair value through other comprehensive income	1 January 2018, as restated
	HK$'000	HK$'000	HK$'000
Available-for-sale financial assets			
– Listed equity investments	1,094	(1,094)	–
Financial assets at fair value through other comprehensive income			
– Listed equity investments	–	1,094	1,094

The Group elected to present change in the fair value of its equity investment (previously classified as AFS) in other comprehensive income as it is a long-term and strategic investment that is not expected to be sold in the short to medium term. As a result, the AFS with fair value of HK$1,094,000 as at 1 January 2018 was reclassified to financial asset at FVOCI.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss ("FVPL") and the Group does not have any such liabilities.

(ii) Impairment of financial assets

The Group has two types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade receivables; and
- other financial assets carried at amortised cost

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

2. Basis of preparation *(continued)*

2.2 Changes in accounting policies and disclosures *(continued)*

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

(ii) HKFRS 9 – Impact on the financial statements of the Group *(continued)*

Impact of adoption *(continued)*

(ii) Impairment of financial assets *(continued)*

Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the expected credit losses, receivables relating to customers with known financial difficulties, dispute or significant doubt on collection of receivables are assessed individually for provision for impairment allowance.

Expected credit losses are also estimated by grouping the remaining receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer, its geographical location and its ageing category, and applying expected credit loss rates to the respective gross carrying amounts of the receivables.

The expected credit loss rates are determined based on historical credit losses experienced from the past 3 years and adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables.

Management has closely monitored the credit qualities and the collectability of the trade receivables. The adoption of the simplified expected credit loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade receivables as at 1 January 2018.

Other financial assets carried at amortised cost

For other financial assets carried at amortised cost, the expected credit loss is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of the other financial assets carried at amortised cost and considers that the expected credit loss is immaterial.

(b) New standards, amendments to standards and interpretation that have been issued but were not yet effective

HKFRS 16, "Leases"

HKFRS 16 was issued in January 2016 and it will result in almost all leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$1,175,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

2. Basis of preparation *(continued)*

2.2 Changes in accounting policies and disclosures *(continued)*

(b) New standards, amendments to standards and interpretation that have been issued but were not yet effective *(continued)*

HKFRS 16, "Leases" *(continued)*

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The Group will apply the standard from its mandatory adoption date of 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. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards and interpretations that are not yet effective that would be expected to have a material impact on the entity's consolidated financial statements.

3. Segment information

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

There are four operating segments as follows:

(a) LED and related products segment ("LED") is engaged in manufacturing and trading of LED and related products;

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

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

(d) Sapphire watch crystals segment ("Sapphire") is a supplier of watch crystals mainly for use in the manufacturing of watch products.

Reportable segment results represent the profit or loss resulted by each segment and exclude interest income, change in fair value of investment property, impairment loss on other financial assets carried at amortised cost, share of results of investment accounted for using the equity method, and unallocated corporate expenses.

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

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

3. Segment information *(continued)*

Year ended 31 December 2018

	LED	Optoelectronic	Liquor	Sapphire	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 December 2018					
Segment revenue:					
Sales to external customers	**117,814**	**1,992**	**1,254**	**–**	**121,060**
Segment results	**3,990**	**(286)**	**78**	**(2)**	**3,780**
Unallocated:					
Impairment loss on other financial assets carried at amortised cost					**(26)**
Unallocated corporate expenses					
– staff costs					**(2,634)**
– others					**(6,390)**
Loss before income tax					**(5,270)**
As at 31 December 2018					
Segment assets	**98,569**	**1,045**	**3,863**	**–**	**103,477**
Unallocated:					
Cash and cash equivalents					**621**
Investment property					**13,741**
Financial assets at fair value through other comprehensive income					**332**
Other unallocated assets					**496**
Total assets					**118,667**
Segment liabilities	**(40,678)**	**(5,188)**	**(22)**	**(32)**	**(45,920)**
Unallocated:					
Promissory notes					**(15,000)**
Current tax liabilities					**(2,279)**
Deferred tax liabilities					**(1,048)**
Other unallocated liabilities					**(1,803)**
Total liabilities					**(66,050)**

3. Segment information *(continued)*

Year ended 31 December 2018 *(continued)*

	LED	Optoelectronic	Liquor	Sapphire	Unallocated	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Other segment information:						
Capital expenditure	(183)	–	(3)	–	–	(186)
Interest income	21	–	1	–	–	22
Depreciation	(501)	–	(1)	–	(32)	(534)
Income tax expense	(1,415)	–	(10)	–	–	(1,425)
Impairment loss on trade receivables	(1,888)	–	–	–	–	(1,888)
Impairment loss on other financial assets carried at amortised cost	–	–	–	–	(26)	(26)

3. Segment information *(continued)*

Year ended 31 December 2017

	LED	Optoelectronic	Liquor	Sapphire	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 December 2017					
Segment revenue:					
Sales to external customers	37,121	2,805	754	–	40,680
Segment results	2,393	752	143	(2)	3,286
Unallocated:					
Change in fair value of investment property					(585)
Impairment loss on other financial assets carried at amortised cost					(2,006)
Impairment loss on available-for-sale financial assets					(1,255)
Impairment loss on investments accounted for using the equity method					(4,974)
Share of results of investments accounted for using the equity method					71
Unallocated corporate expenses					
– staff costs					(2,853)
– others					(6,470)
Loss before income tax					(14,786)
As at 31 December 2017					
Segment assets	60,454	1,777	5,166	–	67,397
Unallocated:					
Cash and cash equivalents					21,567
Investment property					14,707
Available-for-sale financial assets					1,094
Other unallocated assets					680
Total assets					105,445
Segment liabilities	(16,430)	(1,352)	(7)	(19)	(17,808)
Unallocated:					
Promissory notes					(15,000)
Current tax liabilities					(1,041)
Deferred tax liabilities					(1,121)
Other unallocated liabilities					(5,928)
Total liabilities					(40,898)

3. Segment information *(continued)*

Year ended 31 December 2017 *(continued)*

	LED	Optoelectronic	Liquor	Sapphire	Unallocated	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Other segment information:						
Capital expenditure	(2,073)	–	–	–	(13)	(2,086)
Interest income	598	–	–	–	–	598
Depreciation	(167)	(4)	–	–	(29)	(200)
Income tax expense	(1,033)	–	(21)	–	–	(1,054)
Impairment loss on available-for-sale financial assets transferred from investments revaluation reserve	–	–	–	–	(1,255)	(1,255)
Impairment loss on other financial assets carried at amortised cost	–	–	–	–	(2,006)	(2,006)
Impairment loss on investments accounted for using the equity method	–	–	–	–	(4,974)	(4,974)

3. Segment information *(continued)*

Geographic Information

(a) Revenue from external customers

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

	For the year ended 31 December	
	2018	2017
	HK$'000	HK$'000
Hong Kong	**3,209**	6,894
The PRC	**117,846**	32,089
Macau	**5**	–
Philippines	**–**	1,697
	121,060	40,680

(b) Non-current assets

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

	As at 31 December	
	2018	2017
	HK$'000	HK$'000
Hong Kong	**124**	485
PRC	**17,518**	18,588
	17,642	19,073

Key customers

For the year ended 31 December 2018, there was one customer (2017: four) which individually contributed over 10% of the Group's revenue, the revenue contributed from each of these customers was as follows:

	For the year ended 31 December	
	2018	2017
	HK$'000	HK$'000
Customer A	**–**	7,035
Customer B	**105,559**	4,890
Customer C	**–**	4,605
Customer D	**–**	4,199

3. Segment information *(continued)*

Contract liabilities

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

	As at 31 December	
	2018	2017
	HK$'000	HK$'000
Contract liabilities	**1,036**	532

(a) Significant change in contract liabilities

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance under the contracts which are mainly from sales of LED and related products.

(b) Revenue recognised in relation to contract liabilities

The follow table shows the revenue recognised for the year ended 31 December 2018 relates to carried-forward contact liabilities.

	For the year ended 31 December 2018
	HK$'000
Sales of LED and related products	532

(c) Unsatisfied contracts

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

4. Other income and other losses, net

	2018	2017
	HK$'000	HK$'000
Other income		
Interest income	**22**	598
Others	**14**	23
	36	621
Other losses, net		
Reversal of allowance for trade receivables	**–**	280
Change in fair value of investment property	**–**	(585)
	–	(305)
Other income and other losses, net	**36**	316

5. Expenses by nature

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

	2018	2017
	HK$'000	HK$'000
Auditor's remuneration		
– Audit services	**550**	600
Depreciation	**534**	200
Impairment losses on:		
– Trade receivables	**1,888**	–
– Other financial assets carried at amortised cost	**26**	2,006
– Investments accounted for using the equity method	**–**	4,974
Cost of inventories sold	**106,164**	36,347
Loss on disposal of property, plant and equipment	**–**	16
Employee benefit expenses (including directors' emoluments)	**6,072**	4,319
Reversal of allowance for inventories (included in cost of inventories sold)	**–**	(63)
Minimum lease payments under operating leases of land and buildings	**1,323**	1,991
Motor vehicle operating leases charge	**–**	25
Foreign exchange losses/(gains)	**241**	(997)
Legal and professional fee	**3,860**	4,100
Subcontracting fee	**2,433**	62
Others	**3,275**	1,018
	126,366	54,598

6. Income tax expense

	2018	2017
	HK$'000	HK$'000
Current income tax on profit for the year		
– Hong Kong Profits Tax	**10**	21
– PRC Corporate Income Tax ("CIT")	**2,007**	985
(Over)/under provision in prior year	**(592)**	48
Income tax expense	**1,425**	1,054

Hong Kong profits tax has been provided for as there is business operation that is subject to Hong Kong profits tax. It has been provided for at the rate of 8.25% (2017: 16.5%) for the first HK$2,000,000 and 16.5% (2017: 16.5%) of the remaining estimated assessable profit for the year.

CIT is provided on the assessable income of entities within the Group incorporated in the Mainland China. The applicable CIT tax rate is 25% (2017: 25%) unless preferential tax rates were applicable.

7. Dividends

The directors did not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: Nil).

8. Loss per share

(a) Basic

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

	2018	2017
Loss attributable to the owners of the Company (HK$'000)	**6,723**	15,862
Weighted average number of ordinary shares in issue (thousand shares)	**1,572,517**	1,443,523
Basic loss per share attributable to owners of the Company (HK cents)	**(0.43)**	(1.10)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise of all potentially dilutive ordinary shares. The Company has one category of potentially dilutive ordinary shares: share options. For the share options, a calculation has been done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the year ended 31 December 2018, the share options issued were not assumed to be exercised as they would have an anti-dilutive impact to the basic loss per share (2017: Same).

9. Trade receivables and other financial assets carried at amortised cost

	2018	2017
	HK$'000	HK$'000
Trade receivables	**92,200**	37,095
Less: Provision for impairment	**(5,213)**	(3,635)
Trade receivables, net	**86,987**	33,460
Other financial assets carried at amortised cost	**10,546**	9,730
Less: Provision for impairment	**(9,226)**	(9,209)
Other financial assets carried at amortised cost, net	**1,320**	521
Total trade receivables and other financial assets carried at amortised cost	**88,307**	33,981
Less: Amounts classified as non-current portion	**(171)**	–
Current portion	**88,136**	33,981

In March 2019, the Group entered into a factoring agreement with a non-banking financial institution in relation to the factoring of trade receivables of approximately HK$6.8 million (equivalent to approximately RMB6.0 million) in return for cash. The non-banking financial institution has no recourse to the Group if the debtors default on payment.

9. Trade receivables and other financial assets carried at amortised cost *(continued)*

The Group's credit terms to trade debtors range generally from 0 to 180 days. As at 31 December 2018 and 2017, the ageing analysis of the trade receivables based on invoice date is as follows:

	2018	2017
	HK$'000	HK$'000
Within 30 days	**8,225**	15,868
31 to 60 days	**8,694**	2,485
61 to 90 days	**9,528**	1,361
Over 90 days	**65,753**	17,381
	92,200	37,095

Trade receivables that were neither past due nor impaired amounted to approximately HK$54,446,000 as at 31 December 2018 (2017: HK$25,421,000).

As of 31 December 2018, trade receivables of HK$32,541,000 (2017: HK$8,039,000) were past due but not impaired. These relate to a number of independent debtors for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

	2018	2017
	HK$'000	HK$'000
Less than 1 month past due	**13,880**	813
1 to 3 months past due	**12,285**	4,313
Over 3 months	**6,376**	2,913
	32,541	8,039

10. Trade and other payables

	2018	2017
	HK$'000	HK$'000
Trade payables	**37,320**	14,882
Other payables and accruals	**9,367**	8,322
	46,687	23,204

The ageing analysis of the trade payables based on the invoice date are as follows:

	2018	2017
	HK$'000	HK$'000
Within 30 days	**7,991**	12,872
31 to 60 days	**4,796**	148
61 to 90 days	**8,492**	10
Over 90 days	**16,041**	1,852
	37,320	14,882

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

BUSINESS AND FINANCIAL REVIEW

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

During the year ended 31 December 2018 (the "Year"), the total revenue of the Group amounted to approximately HK$121.1 million, representing a 197.5% increase from that of approximately HK$40.7 million generated in 2017. Loss attributable to owners of the Company for the Year was approximately HK$6.7 million, as compared to that of approximately HK$15.9 million in 2017.

Revenue

LED and related products division

The Group's LED and related products division recorded a revenue of HK$117.8 million for the Year (2017: HK$37.1 million), representing an increase of 217.5%. Since 2017, the Group launched a new LED and related product line which is gaining market popularity in Hong Kong and China. We expect to receive recurring and increasing purchase orders for LED and related products in the forthcoming years.

Optoelectronics products division

The Group's optoelectronics products division recorded a revenue of HK$2.0 million during the Year (2017: HK$2.8 million), represented a decrease of 28.6% as compared to 2017. The division's performance remains weak due to the sluggish market of traditional watches. The Board will continue to monitor the market situation and will continue to explore business opportunities to leverage on the Group's established experience in watch industry.

Trading of liquor products division

The Group's liquor trading division recorded a revenue of HK$1.3 million (2017: HK$0.8 million), representing a increase of 62.5% as compared to 2017. Last year, the sales of the division have improved but the growth rate did not meet the Company's expectation. The Company will conduct an internal review of the strategy of the division.

Sapphire watch crystals division

The Group's sapphire watch crystals division did not generate any revenue during the Year (2017: 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.

Administrative and other operating expenses

Total administrative and other operating expenses were HK$15.3 million for the Year (2017: HK$18.2 million), representing a decrease of 15.9% which was mainly due to the cost control measures adopted by the management to control the expenditure of the Group.

Impairment loss on trade receivable, investment accounted for using the equity method and other financial assets carried at amortised cost

During the Year, the Group recognised an impairment loss on trade receivables of HK$1,888,000 mainly based on the assessment of the expected credit losses (2017: Nil) by grouping the trade receivables with shared credit risk characteristics and collectively assessed for likelihood of recovery.

During the Year, the Group recognised on impairment loss on other financial assets carried at amortised cost of HK$26,000 (2017: HK$2,006,000) and investment accounted for using the equity method of nil (2017: HK$4,974,000) respectively.

Capital structure, financial resources and liquidity

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the value of its shareholders (the "Shareholders").

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the Shareholders, issue new shares, obtain other borrowings, or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as trade and other payables and promissory notes, less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The gearing ratios as at 31 December 2018 and 2017 were as follows:

	2018	2017
	HK$'000	HK$'000
Trade and other payables	**46,687**	23,204
Promissory notes	**15,000**	15,000
Less: cash and cash equivalents	**(5,014)**	(42,784)
Net debt	**56,673**	(4,580)
Total equity	**52,617**	64,547
Total capital	**109,290**	59,967
Gearing ratio	**51.9%**	Not meaningful

The shareholders' funds of the Group decreased to approximately HK$52.6 million as at 31 December 2018 (2017: approximately HK$64.5 million), which was mainly due to the operating loss during the Year. The Group's current assets amounted to approximately HK$100.7 million as at 31 December 2018 (2017: approximately HK$85.3 million), of which approximately HK$5.0 million (2017: approximately HK$42.8 million) was cash and cash equivalents.

As at 31 December 2018, the Group had cash and cash equivalents of approximately HK$5.0 million (2017: approximately HK$42.8 million), of which approximately 40%, 51% and 9% (2017: approximately 70%, 28% and 2%) were denominated in Hong Kong dollars ("HKD"), Renminbi ("RMB") and United States dollars ("USD") respectively.

As at 31 December 2018, the Group's borrowing comprised the promissory notes amounting to HK$15 million (2017: HK$15 million). The promissory notes were expected to be repayable within one year and are denominated in HKD.

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.

Trade receivable mainly represented the sales of LED and related products which accounted for approximately over 90% of the gross trade receivable balances as at 31 December 2018. As at the latest practicable date, trade receivables amounted to approximately HK$43.9 million were subsequently settled.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 31 December 2018. The directors are of the opinion that, taking into account the following plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2018:

(1) In March 2019, the Group had obtained a 2-year loan of HK$15,000,000 with interest rate of 5.25% per annum from a director, in which HK$3,000,000 had been deposited to the Group in March 2019; and

(2) In March 2019, the Group had obtained a 3-year loan facility of HK$20,000,000 from a non-banking financial institution and had already drawn down HK$500,000 from this loan facility.

In the opinion of the directors, in light of the above plans and measures, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from 31 December 2018.

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 Year. However, the management will monitor the Group's foreign currency exposure should the need arise.

Contingent liabilities

At 31 December 2018, the Group had no material contingent liabilities.

Employees and remuneration policies

As at 31 December 2018, the Group had 58 employees (2017: 67). Employees were remunerated according to their performance and work experience. In addition to the basic salaries and retirement scheme, staff benefits including free accommodation at the Group's staff quarters in Hong Kong, performance bonus and share options. The total staff costs including Directors' remuneration for the Year were approximately HK$6.1 million (2017: approximately HK$4.3 million).

Litigation

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

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

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

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

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

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

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 2018, 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 3 to the consolidated financial statements and is further elaborated under the "Business and Financial Review" above.

PROSPECTS

Since 2017, the Group launched a new LED and related product line which is gaining market popularity in Hong Kong and China. We expect to receive recurring and increasing purchase orders for LED and related products in the forthcoming years.

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

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2017: 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.

EVENT AFTER THE REPORTING PERIOD

Except as disclosed elsewhere in the consolidated financial statements, the following materials events occurred subsequent to the date of consolidated statement of financial position:

(1) In March 2019, the Group had obtained a 2-year loan of HK$15,000,000 with interest rate of 5.25% per annum from a director, in which HK$3,000,000 had been deposited to the Group in March 2019; and

(2) In March 2019, the Group had obtained a 3-year loan facility of HK$20,000,000 from a non-banking financial institution and had already drawn down HK$500,000 from this loan facility.

CORPORATE GOVERNANCE

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

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

Code provision A.2.1 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. KH Wong 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 INEDs) are not appointed for a specific term but they are all subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company.

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 consolidated statement of 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 auditor, Linksfield CPA Limited ("Linksfield"), to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by Linksfield 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 Linksfield 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, 28 March 2019

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

Executive Directors:

Mr. Wong Kin Hong *(Chairman)*

Mr. Huang Yonghua

Mr. Wong Tat Wa

Ms. Leung Po Yee

Independent Non-executive Directors:

Mr. Yan Guoniu

Mr. Tang Rong Gang

Mr. Ou Wei An

Mr. Ng Yu Ho, Steve

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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