Seamless Green China (Holdings) Limited
無縫綠色中國(集團)有限公司

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

(Stock Code: 8150)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

HIGHLIGHTS

- The Group recorded total revenue for the year ended 31 December 2019 of approximately HK$146.6 million, representing approximately 21.1% increase over 2018.
- The Group recorded a loss attributable to owners of the Company for the year ended 31 December 2019 of approximately HK$11.4 million, representing an increase of loss of approximately 69.2% as compared to 2018.
- The Board does not recommend the payment of any dividends for the year ended 31 December 2019.

The directors (the "Directors") of Seamless Green China (Holdings) Limited (the "Company") set forth below the unaudited annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2019 (the "Year") together with the comparative audited figures for the year ended 31 December 2018, as follows. For the reasons explained in the Paragraph headed "Review of Unaudited Annual Results" in this announcement, the auditing process for the unaudited annual results of the Group for the year ended 31 December 2019 has not been completed.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Note	**2019** **HK$'000** **(Unaudited)**	2018 HK$'000 (Audited)
Revenue	*4*	**146,602**	121,060
Cost of sales	*5*	**(134,786)**	(110,909)
Gross profit		**11,816**	10,151
Other income and other losses, net	*4*	**(913)**	36
Selling and distribution expenses	*5*	**(1,061)**	(201)
Administrative and other operating expenses	*5*	**(14,323)**	(13,342)
Impairment loss on trade receivables and other financial assets carried at amortised cost, net		**(1,125)**	(26)
Operating loss		**(5,606)**	(5,270)
Finance costs		**(4,423)**	–
Loss before income tax		**(10,029)**	(5,270)
Income tax expense	*6*	**(1,144)**	(1,425)
Loss for the year		**(11,173)**	(6,695)
(Loss)/profit for the year attributable to:			
– Owners of the Company		**(11,375)**	(6,723)
– Non-controlling interests		**202**	28
		(11,173)	(6,695)
Loss per share for the loss attributable to owners of the Company for the year			
– Basic (HK cents)	*7*	**(0.72)**	(0.43)
– Diluted (HK cents)	*7*	**(0.72)**	(0.43)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	**2019** **HK$'000** **(Unaudited)**	2018 HK$'000 (Audited)
Loss for the year		**(11,173)**	(6,695)
Other comprehensive (loss)/income, net of tax			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(1,324)**	(4,473)
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		**9**	(762)
		(1,315)	(5,235)
Total comprehensive loss for the year, net of tax		**(12,488)**	(11,930)
Total comprehensive (loss)/income for the year attributable to:			
– Owners of the Company		**(12,690)**	(11,958)
– Non-controlling interests		**202**	28
		(12,488)	(11,930)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Note	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**8,988**	3,730
Right-of-use assets		**3,937**	–
Investment property		**12,321**	13,741
Financial assets at fair value through other comprehensive income		**341**	332
Other financial assets carried at amortised cost	*9*	**168**	171
Total non-current assets		**25,755**	17,974
Current assets			
Inventories		**8,545**	6,223
Trade receivables and other financial assets carried at amortised cost	*9*	**61,552**	88,136
Other current assets		**20,151**	1,320
Cash and cash equivalents		**11,141**	5,014
Total current assets		**101,389**	100,693
Total assets		**127,144**	118,667
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital		**78,626**	78,626
Reserves		**(38,699)**	(26,009)
		39,927	52,617
Non-controlling interests		**2,648**	–
Total equity		**42,575**	52,617

	Note	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**947**	1,048
Other borrowings		**3,000**	–
Lease liabilities		**2,866**	–
Total non-current liabilities		**6,813**	1,048
Current liabilities			
Trade and other payables	*10*	**29,654**	46,687
Contract liabilities		**1,164**	1,036
Current tax liabilities		**2,307**	2,279
Promissory notes		**15,000**	15,000
Other borrowings		**28,203**	–
Lease liabilities		**1,428**	–
Total current liabilities		**77,756**	65,002
Total liabilities		**84,569**	66,050
Total equity and liabilities		**127,144**	118,667

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1 General information

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

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

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

2. Basis of preparation

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

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

2. Basis of preparation *(continued)*

2.1 Changes in accounting policy 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 2019:

HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments
HKFRS 9 Amendments	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HKAS 19 Amendments	Plan Amendment, Curtailment or Settlement
HKAS 28 Amendments	Long-term Interests in Associates and Joint Ventures
Annual improvements project	Annual Improvements 2015-2017 Cycle

Except for HKFRS 16 Leases ("HKFRS 16") as disclosed in Note 2.1(c) below, the adoption of other new and amended standards, improvements and interpretation did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) *New and amended standards, interpretations and revised framework that have been issued but were not yet effective*

		Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 Amendments	Definition of Material	1 January 2020
HKFRS 3 Amendments	Definition of a Business	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 10 and HKAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has commenced an assessment of the impact of these new and amended standards, interpretations and revised framework but is not yet in a position to state whether they would have a significant impact of its results of operations and financial position.

The Group does not intend to early adopt these standards before their respective effective dates.

2. Basis of preparation *(continued)*

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

(c) Impacts and changes in accounting policies of application on HKFRS 16 "Leases"

The Group has adopted HKFRS 16 Leases from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach in the standard. The reclassifications and the adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019 in each territory or region where the lease assets are located. The weighted average discount rate applied to the lease liabilities on 1 January 2019 was 5.25%.

(i) Measurement of right-of-use assets

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid rental expenses relating to that lease recognised in the consolidated statement of financial position as at 1 January 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

(ii) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) – Int 4 Determining whether an Arrangement contains a Lease.

2. Basis of preparation *(continued)*

2.2 Going concern

During the year ended 31 December 2019, the Group reported a loss for the year of approximately HK$11.2 million. In addition, COVID-19 outbreak further slowdown the settlements of trade receivables. If the present situation in respect of the COVID-19 outbreak continues and the restrictions and control measures are prolonged, the Group's operations and cash flows may be negatively affected. The Group's financial conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In view of the above, the Directors have given careful consideration of the liquidity requirements for the Group's operations, the performance of the Group and available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern, which would depend upon, among other things: (i) the successful and timely collection of trade receivables, (ii) the ability to secure the short-term and long-term borrowings from the bank and other financial institution or placing of new shares for the next twelve months; and (iii) the successful implementation of business plan for its business to mitigate the negative impacts of COVID-19 and improve operation results.

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 2019. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. That having said, since the audit works has not been completed, it is uncertain, as at the date of this announcement, whether the independent auditor of the Company would issue a modified report to the consolidated financial statements in this regard.

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

3 Segment information *(continued)*

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

Year ended 31 December 2019 (Unaudited)

	LED HK$'000	Optoelectronic HK$'000	Liquor HK$'000	Sapphire HK$'000	Total HK$'000
Year ended 31 December 2019					
Segment revenue:					
Sales to external customers	145,683	200	719	–	146,602
Segment results	2,100	(295)	(308)	–	1,497
Unallocated:					
Change in fair value of investment property					(1,145)
Impairment loss on other financial assets carried at amortised cost					(1,122)
Unallocated corporate expenses					
– staff costs					(2,059)
– others					(7,200)
Loss before income tax					(10,029)
As at 31 December 2019					
Segment assets	110,629	246	2,761	–	113,636
Unallocated:					
Cash and cash equivalents					277
Investment property					12,321
Financial assets at fair value through other comprehensive income					341
Other unallocated assets					569
Total assets					127,144
Segment liabilities	(20,959)	(5,188)	(38)	–	(26,185)
Unallocated:					
Promissory notes					(15,000)
Other borrowings					(31,203)
Current tax liabilities					(2,307)
Deferred tax liabilities					(947)
Other unallocated liabilities					(8,927)
Total liabilities					(84,569)

3 Segment information *(continued)*

Year ended 31 December 2019 (Unaudited) *(continued)*

	LED	Optoelectronic	Liquor	Sapphire	Unallocated	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Other segment information:						
Interest income	20	–	1	–	–	21
Depreciation	(1,148)	–	(1)	–	(208)	(1,357)
Income tax expense	(1,215)	(9)	–	–	80	(1,144)
Impairment loss on trade receivables and other financial assets carried at amortised cost	(3)	–	–	–	(1,122)	(1,125)

Year ended 31 December 2018 (Audited)

	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

3 Segment information *(continued)*

Year ended 31 December 2018 (Audited) *(continued)*

	LED HK$'000	Optoelectronic HK$'000	Liquor HK$'000	Sapphire HK$'000	Total HK$'000
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)

	LED HK$'000	Optoelectronic HK$'000	Liquor HK$'000	Sapphire HK$'000	Unallocated HK$'000	Total HK$'000
Other segment information:						
Interest income	21	–	1	–	–	22
Depreciation	(501)	–	(1)	–	(32)	(534)
Income tax expense	(1,415)	–	(10)	–	–	(1,425)
Impairment loss on trade receivables and other financial assets carried at amortised cost	(1,888)	–	–	–	(26)	(1,914)

4 Revenue, other income and other losses, net

	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
Revenue from customers and recognised at point in time		
Sales of LED and related products	**145,683**	117,814
Sales of optoelectronic products	**200**	1,992
Sales of liquor products	**719**	1,254
	146,602	121,060
Other income		
Interest income	**21**	22
Others	**211**	14
	232	36
Other losses		
Change in fair value of investment property	**(1,145)**	–
	(1,145)	–
Other income and other losses, net	**(913)**	36

5 Expenses by nature

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

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Auditor's remuneration		
– Audit services	**630**	550
Depreciation		
– Property, plant and equipment	**484**	534
– Right-of-use assets	**873**	–
Cost of inventories sold	**128,594**	106,164
Employee benefit expenses (including directors' emoluments)	**6,599**	6,072
Minimum lease payments under operating leases of land and buildings	**–**	1,323
Foreign exchange losses/(gains)	**(11)**	241
Legal and professional fee	**5,178**	3,860
Subcontracting fee	**2,102**	2,433
Others	**5,721**	3,275
	150,170	124,452

6 Income tax expense

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Current income tax on profit for the year		
– Hong Kong Profits Tax	**9**	10
– PRC Corporate Income Tax ("CIT")	**1,215**	2,007
– Over provision in prior year	**–**	(592)
Deferred fax	**(80)**	–
Income tax expense	**1,144**	1,425

Hong Kong profits tax has been provided for as there is business operation that is subject to Hong Kong profits tax. Under the two-tiered profits tax rates regime, for the years ended 31 December 2019 and 2018, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. The profits of group entities not qualified for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

CIT is provided on the assessable income of entities within the Group incorporated in the PRC. The applicable CIT tax rate is 25% (2018: 25%) unless preferential tax rates were applicable.

7 Loss per share

(a) Basic

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

	2019	2018
	(Unaudited)	(Audited)
Loss attributable to the owners of the Company *(HK$'000)*	**(11,375)**	(6,723)
Weighted average number of ordinary shares in issue *(thousand shares)*	**1,572,517**	1,572,517
Basic loss per share attributable to owners of the Company *(HK cents)*	**(0.72)**	(0.43)

(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 2019, the share options issued were not assumed to be exercised as they would have an anti-dilutive impact to the basic loss per share (2018: Same).

8 Dividends

The directors did not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

9 Trade receivables and other financial assets carried at amortised cost

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Trade receivables	**61,527**	92,200
Other financial assets carried at amortised cost	**15,331**	10,546
Less: Provision for impairment	**(14,688)**	(14,439)
Total trade receivables and other financial assets carried at amortised cost, net	**62,170**	88,307
Less: Amounts classified as non-current portion	**(618)**	(171)
Current portion	**61,552**	88,136

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

(a) Trade receivables

The Group's credit terms to trade debtors range generally from 0 to 180 days. As at 31 December 2019 and 2018, the ageing analysis of the trade receivables based on invoice date is as follows:

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Within 30 days	**10,497**	8,225
31 to 60 days	**10,956**	8,694
61 to 90 days	**6,603**	9,528
Over 90 days	**33,471**	65,753
	61,527	92,200

10 Trade and other payables

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Trade payables	**12,451**	37,320
Other payables and accruals	**17,203**	9,367
	29,654	46,687

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

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Within 30 days	**2,937**	7,991
31 to 60 days	**518**	4,796
61 to 90 days	**986**	8,492
Over 90 days	**8,010**	16,041
	12,451	37,320

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 2019 (the "Year"), the total revenue of the Group amounted to approximately HK$146.6 million, representing a 21.1% increase from that of approximately HK$121.1 million generated in 2018. Loss attributable to owners of the Company for the Year was approximately HK$11.4 million, as compared to that of approximately HK$6.7 million in 2018.

Revenue

LED and related products division

The Group's LED and related products division recorded a revenue of HK$145.7 million for the Year (2018: HK$117.8 million), representing an increase of approximately 23.7%. Since 2018, 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$0.2 million during the Year (2018: HK$2.0 million), represented a decrease of 90.0% as compared to 2018. 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$0.7 million (2018: HK$1.3 million), representing a decrease of 42.7% as compared to 2018. With coming into light of China-US trade tension since 2018, the Group slowed down the business development of its new liquor business, pending the clarification of China-US trade tension and the stabilization of bonded warehouse rental charges, the Board will continue to adjust its strategy to explore business opportunities to leverage on the Group's established experience in liquor trading industry. The Company will also review the performance of its distribution channels and make necessary adjustments as and when necessary.

Sapphire watch crystals division

The Group's sapphire watch crystals division did not generate any revenue during the Year (2018: Nil), principally due to the sluggish market of traditional watches resulted from competition of smart watches. 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$14.3 million for the Year (2018: HK$13.3 million), representing an increase of 7.4% which was mainly due to increase in legal and professional fee.

Capital structure, financial resources and liquidity

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

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

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

The gearing ratios as at 31 December 2019 and 2018 were as follows:

	2019	2018
	HK$'000	HK$'000
Trade and other payables	**29,654**	46,687
Promissory notes	**15,000**	15,000
Other borrowings	**31,203**	–
Less: cash and cash equivalents	**(11,141)**	(5,014)
Net debt	**64,716**	56,673
Total equity	**42,575**	52,617
Total capital	**107,291**	109,290
Gearing ratio	**60.3**	51.9%

The shareholders' funds of the Group decreased to approximately HK$42.6 million as at 31 December 2019 (2018: approximately HK$52.6 million), which was mainly due to the operating loss during the Year. The Group's current assets amounted to approximately HK$101.4 million as at 31 December 2019 (2018: approximately HK$100.7 million), of which approximately HK$11.1 million (2018: approximately HK$5.0 million) was cash and cash equivalents.

As at 31 December 2019, the Group had cash and cash equivalents of approximately HK$11.1 million (2018: approximately HK$5.0 million), of which approximately 95%, 5% and 0% (2018: approximately 51%, 40% and 9%) were denominated in Renminbi ("RMB"), Hong Kong dollars ("HKD") and United States dollars ("USD") respectively.

As at 31 December 2019, all other borrowing and promissory notes of the Group bore fixed interest rates, the maturity and currency profile are set out as follows:

	Within 1 year	2nd year	Total
	HK$'000	HK$'000	HK$'000
Hong Kong Dollars	15,650	**3,000**	18,650
Renminbi	27,553	**–**	27,553
	43,203	**3,000**	46,203

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

Foreign currency risk

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

Contingent liabilities

At 31 December 2019, the Group had no material contingent liabilities.

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

During the Year, the Group has completed an acquisition of a subsidiary which is individually not material to the Group. Save as mentioned above, the Group had no other significant investments, material acquisitions and disposal of subsidiaries and affiliated companies during the Year.

Pledge of assets

As at 31 December 2019, the Group had no pledge of assets.

Employees and remuneration policies

As at 31 December 2019, the Group had 72 employees (2018: 58). 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$6.6 million (2018: approximately HK$6.1 million).

Litigation

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

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

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

PROSPECTS

In view of COVID-19 outbreak since January 2020 and the uncertain macroeconomic environment, some of the Group's customers have deferred their orders. As such, orders from the Group's customers for the first quarter of 2020 declined. The drop in orders combined with an overall weak retail environment, will deal a further blow to the Group's business and performance in 2020. The COVID-19 outbreak also brought disruptions to the logistics of the supply chain for the Group's production lines in the PRC, resulting in a shortage of certain raw materials. Although the production gradually resumed in March 2020, this is expected to result in lower production output, and consequently a lower revenue, for 2020.

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

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

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2018: 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 announcement, the Audit Committee comprises four INEDs, namely Mr. Yan Guoniu (chairman of the Audit Committee), Mr. Tang Rong Gang, Mr. Ou Wei An and Mr. Ng Yu Ho, Steve.

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

EVENT AFTER THE REPORTING PERIOD

Saved as aforesaid impact of COVID-19 outbreak, the Group had no other significant event requiring disclosure that has taken place subsequent to 31 December 2019 and up to the date of this announcement.

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. In response to the specific enquiry made by the Company of the Directors, all Directors of the Company have confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the Year.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to quarantine requirements in Hong Kong and the PRC. As such, the unaudited consolidated financial statements of the Group may subject to potential adjustments and finalisation pending (i) the completion of the valuations and audit works; and (ii) the impact of the development of events on the ability of the Group to continue as a going concern. The unaudited consolidated financial statements contained herein have not been agreed by the Company's independent auditor. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants. The unaudited consolidated financial statements contained herein have been reviewed by the audit committee of the Company.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This unaudited annual results announcement is published on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (www.victoryhousefp.com/lchp/8150.html). Following the completion of the audit by the Company's auditor, the Company will issue further announcement in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditor and the material differences (if any) as compared with the unaudited annual results contained herein. Barring unforeseen circumstances, the Company currently expects that the audit should be completed and the 2019 Annual Results should be published by 31 August 2020, and the 2019 Annual Report be dispatched by 12 September 2020.

REASONS AND UPDATE FOR THE FURTHER EXTENSION OF AUDIT PLAN AND TIMETABLE

Since the beginning of audit planning with auditor as early as the beginning of 2020, the Company has been aware of the fact that the requirement of physical site visit by the auditor at the Company's operation center in China cannot be dispensed with. Throughout April and May 2020, the Company has been waiting for the lifting or relaxation of the mandatory quarantine requirements on travelers between Hong Kong and China. Up to June 2020, the present policy only applies to exempt our audit team from mandatory quarantine requirements when they come back from China to Hong Kong, but no suitable exemption is applicable to us so far as the outbound trip from Hong Kong to China is concerned. As such, it is currently not feasible for our audit team to travel to China as this would essentially involve the isolation of the audit team at certain centralized quarantine location in China for at least 14 days.

Since May 2020, there had been market news regarding the mutual recognition of COVID-19 testing results between Hong Kong and China, essentially exempting outbound travelers from Hong Kong to China from compulsory quarantine requirement if they can conduct COVID-19 testing in Hong Kong before traveling to China. This market news was confirmed by a Government press release on 19 May 2020. The market originally hoped for the formal implementation of this policy in early June 2020 but the expected timing of this policy was later postponed to early July 2020. Given that we are now already towards the end of June 2020 and no concrete news were available in the market regarding the announcement of policy in the near future, the Company now hopes for the relaxation of travelling policy in early August 2020.

On the basis of such projection, the Company now revises its audit plan and timetable as follows: (a) site visit being conducted by auditor at the Group's operation centers in China by the second week of August 2020; (b) audit work being completed and the 2019 audited annual results being announced by 31 August 2020; (c) the Annual Report being finalized for dispatch by 12 September 2020; and (d) the Company's annual general meeting being held by 16 October 2020. The above revised audit timetable has been discussed and agreed with the Company's auditor.

Application will be made to the Stock Exchange for the approval of the delay in publication and dispatch of the Annual Report, and the delay in timetable of the holding of annual general meeting. Further announcement(s) will be made as and when necessary if there are other material development in the audit process, the timetable of the audited annual results announcement, the Annual Report and the annual general meeting.

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

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

Hong Kong, 29 June 2020

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).