



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

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

Stock Code: 8150



ANNUAL REPORT
2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Seamless Green China (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report 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 report misleading.

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CORPORATION INFORMATION

Registered Office	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Head Office and Principal Place of Business	6/F, Pico Tower, 66 Gloucester Road, Wanchai Hong Kong
Executive Directors	Mr. Wong Kin Hong (<i>Chairman</i>) Mr. Huang Yonghua Mr. Wong Tat Wa Ms. Leung Po Yee Mr. Gao Hong Mr. Li Zhi Qiang
Independent Non-executive Directors	Mr. Yan Guoniu Mr. Tang Rong Gang Mr. Ou Wei An Mr. Ng Yu Ho, Steve
Company Secretary	Mr. Fung Nam Shan (<i>HKICPA, CPA (Aust)</i>)
Compliance Officer	Ms. Leung Po Yee
Authorised Representatives	Mr. Wong Tat Wa Mr. Fung Nam Shan
Audit Committee	Mr. Yan Guoniu (<i>Chairman</i>) Mr. Tang Rong Gang Mr. Ou Wei An Mr. Ng Yu Ho, Steve
Remuneration Committee	Mr. Yan Guoniu (<i>Chairman</i>) Mr. Tang Rong Gang Mr. Ou Wei An Mr. Ng Yu Ho, Steve

CORPORATION INFORMATION

Nomination Committee	Mr. Yan Guoniu (<i>Chairman</i>) Mr. Tang Rong Gang Mr. Ou Wei An Mr. Ng Yu Ho, Steve
Legal Advisers as to Hong Kong Law	Slaughter and May
Principal Share Registrar and Transfer Office	Butterfield Fund Services (Bermuda) Ltd. Rosebank Centre 11 Bermuda
Hong Kong Branch Share Registrar and Transfer Office	Boardroom Share Registrars (HK) Limited 31/F., 148 Electric Road North Point Hong Kong
Independent Auditor	RSM Hong Kong (<i>Certified Public Accountants</i>)
Stock Code	8150

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors of the Company (the "Board"), I hereby present the revised annual report of the Company and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2016 (the "Year").

RESULTS

During the Year, the Group recorded revenue of approximately HK\$12.8 million (2015: approximately HK\$17.6 million), representing a decrease of approximately 27.3% against the prior year. Loss attributable to the owners of the Company amounted to approximately HK\$18.8 million (2015: approximately HK\$30.3 million), representing a decrease of loss of approximately 37.9% as compared to 2015. Basic loss per share for the Year was HK1.47 cents (2015: HK3.08 cents).

BUSINESSES

The principal businesses of the Group are manufacturing and sale of synthetic sapphire watch crystals and optoelectronic products, trading of liquor, manufacturing and trading of LED lighting products.

Synthetic sapphire watch crystals

No revenue for this business segment was generated for the Year (2015: Nil).

Optoelectronic products

The revenue of optoelectronic products division for the years ended 31 December 2016 and 2015 amounted to approximately HK\$1.0 and approximately HK\$3.7 million, respectively, representing a decrease of approximately 73.0% over 2015. The decrease in revenue was mainly due to the decrease in the market demand.

Liquor products

The revenue of liquor products division for the year ended 31 December 2016 amounted to HK\$4.6 million (2015: Nil).

LED lighting products

The revenue of the LED lighting products division for the years ended 31 December 2016 and 2015 amounted to approximately HK\$7.2 million and approximately HK\$14.0 million respectively, representing a decrease of approximately 48.6% over 2015.

CHAIRMAN'S STATEMENT

PROSPECTS

The Company will conduct a review on the business operations and financial position of the Company for the purpose of formulating business plans and strategies for its future business development, which would enable the Group to diversify its business and broaden its income sources. In addition, the Company will divest in the business areas which did not perform well in past years and/or do not have good business prospects with a view to allocating the resources of the Company to and concentrating on the business areas which have better business prospects, and exploring other business and investment opportunities.

With the lead of the management team, the Company is actively exploring business opportunities in other sectors to diversify risks and broaden the sources of income of the Company. The Company has adequate resources to continue with its business operations, and will continue to focus on its corporate objective to develop current businesses in order to strengthen its competitiveness, integrate its capital resources and contribute a maximum wealth to our equity holders.

The Group will take possible opportunities in the financial markets to raise funds to facilitate future merger and acquisition activities and/or to increase the working capital of the Group.

The Group had commenced its LED lighting products business in late 2014. The Group will continuously focus on the LED lighting products business in 2017 and the Board and management believe that this can improve the Group's financial performance.

Finally, for and on behalf of the Group and the Board, I would like to express my heartfelt thanks to our shareholders and customers for their enduring support and to all my colleagues for their dedication and hard work throughout the Year. Your dedication and involvement will be the most valuable asset for the growth of the Company.

Wong Kin Hong

Chairman

18 July 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

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

Total revenue of the Group for the Year amounted to approximately HK\$12.8 million, representing a 27.3% decrease from that of approximately HK\$17.6 million generated in 2015. Loss attributable to owners of the Company for the Year was approximately HK\$18.8 million while such loss was approximately HK\$30.3 million in 2015.

Sapphire watch crystals division

The Group did not generate any revenue during the Year (2015: Nil).

Optoelectronics products division

The Group recorded a revenue of approximately HK\$1.0 million for the Year (2015: approximately HK\$3.7 million), representing a decrease of approximately HK\$2.7 million.

Trading of liquor products division

The Group recorded a revenue of approximately HK\$4.6 million for the year (2015: Nil).

LED lighting products division

The Group recorded a revenue of approximately HK\$7.2 million for the Year (2015: approximately HK\$14.0 million), representing a decrease of approximately HK\$6.8 million.

Other income and gains

Other income and gains for the Year amounted to approximately HK\$1.2 million, representing a decrease of approximately HK\$10.4 million from that of HK\$11.6 million generated in 2015. The significant decrease in other income and gains was mainly due to the one-off reversal of allowances for other receivables of HK\$10.8 million in 2015 which was not recorded in 2016.

Selling and distribution costs for the Year amounted to approximately HK\$149,000. This represented an increase of approximately HK\$66,000 from that recorded for 2015.

Total administrative and other operating expenses were approximately HK\$13.4 million for the Year (2015: approximately HK\$34.7 million), representing a decrease of HK\$21.3 million. The decrease in administrative and other operating expenses was mainly due to the significant decrease in share-based payment during the Year and decrease in depreciation charge resulted from certain plant and machineries that fully depreciated in 2015.

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").

MANAGEMENT DISCUSSION AND ANALYSIS

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Directors may adjust the dividend payment to the Shareholders, return capital to the Shareholders or issue new shares.

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

The shareholders' funds of the Group decreased to approximately HK\$39.3 million as at 31 December 2016 (2015: approximately HK\$56.6 million), which was mainly resulted from the operating loss for the Year. The Group's current assets amounted to approximately HK\$42.0 million as at 31 December 2016 (2015: approximately HK\$61.1 million), of which approximately HK\$35.6 million (2015: approximately HK\$39.3 million) was cash and cash equivalents.

As at 31 December 2016, the Group had cash and cash equivalents of approximately HK\$35.6 million (2015: approximately HK\$39.3 million), of which approximately 9%, 89% and 2% (2015: approximately 15%, 78% and 7%) were denominated in Hong Kong dollars ("HKD"), Chinese Renminbi ("RMB") and United States dollars ("USD") respectively.

As at 31 December 2016, the Group's borrowing comprised the promissory notes amounting to approximately HK\$15,000,000 (2015: approximately HK\$15,000,000). The promissory notes were repayable within one year and are denominated in HKD.

The Group's gearing ratio as at 31 December 2016 was -38.1% (2015: -26.4%). The Group's gearing ratio was kept at a low level as other than the promissory notes of approximately HK\$15,000,000 (2015: approximately HK\$15,000,000), the Group had no other borrowings. Gearing ratio is calculated by dividing the net debt with the aggregate of total capital and net debt. Net debt includes trade payables and other payables, and promissory notes, less cash and cash equivalents. Total capital represents equity attributable to owners of the Company.

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

Foreign currency risk

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

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

As at 31 December 2016, the Group had not hedged any foreign currency sales to reduce such foreign currency risk. The management will, however, monitor this risk and if the exchange rates of these foreign currencies have continuous fluctuation, the management will consider using forward currency contracts to reduce these risks.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent liabilities

At 31 December 2016, the Group had no material contingent liabilities.

Employees and remuneration policies

As at 31 December 2016, the Group had 38 employees (2015: 53). 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 2016 were approximately HK\$5.9 million (2015: approximately HK\$3.9 million). The increase in the staff costs was primarily due to the increase in staff costs for operation.

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.

On 31 May 2016, the Statement of Claim was filed and served to Ms. Lee. On 21 July 2016, Ms. Lee filed a Defence and Counterclaim alleging misrepresentation and breach of contract on the part of Good Return and claiming damages. She also seeks to rectify and rescind previous agreements. The damages claimed by Ms. Lee have not been quantified in her Defence and Counterclaim. On 1 December 2016, Good Return filed and served its Reply and Defence to Counterclaim. At present, Good Return is in the course of preparing the Mediation Certificate/Notice and the Timetabling Questionnaire.

MANAGEMENT DISCUSSION AND ANALYSIS

- (iv) On 11 February 2015, the Company and Silver Bonus Limited, a wholly-owned subsidiary of the Company and the purchaser to the acquisition of equity interests in Neo Partner Investment Ltd. (the “Target Company”), issued a writ of summons in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region against (i) Shinning Team Investment Limited (the second vendor) as the 1st defendant; (ii) Mr. Lau Hin Chung (the first vendor) as the 2nd defendant; (iii) the Target Company as the 3rd defendant; (iv) Harvest View (China) Limited as the 4th defendant; (v) Mr. Chen Zai as the 5th defendant; (vi) two former executive Directors, namely Mr. Ho Chun Kit, Gregory and Mr. Lee Tat Wing as the 6th and 7th defendants, respectively, claiming for, among other things, the following reliefs:
- (1) damages for breach of the sale and purchase agreement and its supplemental agreement (collectively, the “Agreements”) against the 1st and 2nd defendants;
 - (2) damages and/or rescission of the Agreements for misrepresentation against the 1st to 5th defendants;
 - (3) damages for negligence and breach of fiduciary duties as Directors against the 6th and 7th defendants;
 - (4) a declaration that the promissory notes issued under the Agreements are null and void and unenforceable;
 - (5) costs; and
 - (6) further and/or other relief.
- (v) On 20 April 2016, a writ of summons was issued and filed in the High Court of Hong Kong by an individual, namely Zhu Jun Min (the “Claimant”) 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 the Claimant in 2013.

Upon the Claimant’s request, the Company agreed to have the proceedings further stayed till 6 July 2017. The further stay is subject to the Court’s approval.

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

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

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

Pledge of assets

As at 31 December 2016, 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 10 to the consolidated financial statements and is further elaborated under the “Business and Financial Review” above.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

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With the lead of the management team, the Company is actively exploring business opportunities in other sectors to diversify risks and broaden the sources of income of the Company. The Company has adequate resources to continue with its business operations, and will continue to focus on its corporate objective to develop current businesses in order to strengthen its competitiveness, integrate its capital resources and contribute a maximum wealth to our equity holders.

The Group will take possible opportunities in the financial markets to raise funds to facilitate future merger and acquisition activities and/or to increase the working capital of the Group.

The Group had commenced its LED lighting products business in late 2014. The Group will continuously focus on the LED lighting products business in 2017 and the Board and the management believe that this can improve the Group's financial performance.

BIOGRAPHIES OF DIRECTORS AND COMPANY SECRETARY

Executive Directors

Mr. Wong Kin Hong (“Mr. KH Wong”), aged 45, was appointed as an executive Director and the chairman of the Board on 25 June 2014 and 28 June 2014, respectively. Mr. KH Wong graduated from the Shenzhen University. Mr. KH Wong has been the managing director of a trading and IT company in Macau since 2002. He is the uncle of Mr. Huang Yonghua and Mr. Wong Tat Wa. Mr. KH Wong holds 25,500,000 shares of the Company.

Mr. Huang Yonghua, aged 29, was appointed as an executive Director on 25 June 2014. Mr. Huang graduated from the Lingnan College of Sun Yat-Sen University, majoring in international economics and trade (國際經濟與貿易). Mr. Huang has extensive working experience in financial and management aspects. He is a nephew of Mr. KH Wong.

Mr. Wong Tat Wa, aged 34, was appointed an executive Director on 25 June 2014 and an authorised representative of the Company on 1 July 2014. Mr. Wong graduated from the University of Macau with a bachelor's degree in law. Mr. Wong is currently a trainee solicitor in a law firm in Macau. He also acts as a legal consultant of various companies in Macau. Mr. Wong has extensive working experience in legal aspects. He is a nephew of Mr. KH Wong.

Ms. Leung Po Yee, aged 48, was appointed an executive Director on 25 June 2014 and a compliance officer of the Company on 16 September 2014. Ms. Leung graduated from the University of Hong Kong, majoring in English. Ms. Leung has been specialising in the fields of financial translation, corporate communications and public relations in Hong Kong for more than 21 years. She started her career in financial translation and communications with Beauhorse Professional Translation Limited in 1994 and became a manager of the company to build its leading position in translation of H-share IPO documents. Ms. Leung joined Manulife (International) Limited in 2004 as the Corporate Communications Manager. During her service at Manulife (International) Limited, Ms. Leung supervised the in-house translation department which provided language service across the company. Ms. Leung was also responsible for public relations and has established close connection with the media. In 2011, Ms. Leung joined Lohas Global in China as a company secretary and has been responsible for the management and development of online business platform.

Mr. Gao Hong, aged 39, was appointed as an executive Director on 18 June 2016. Mr. Gao was graduated from HEC, University of Lausanne, Switzerland in 2000 with a bachelor's degree in Finance and obtained the GHBTI Finance Master Degree in 2002. Mr. Gao joined Delta International CDS, Switzerland in 2003 and is currently one of its directors/partners. He has been the chief representative of Delta International CDS SA Beijing Representative Office since 2006, fully in charge of the investment business in Asia Pacific area. Mr. Gao was an executive director of Harmonic Strait Financial Holdings Limited listed on the main board of the Stock Exchange (stock code: 33) from 9 October 2014 to 23 November 2014. Mr. Gao is currently an independent non-executive director of Nine Express Limited (Stock code: 00009), whose shares listed on the main board of the Stock Exchange. Mr. Gao was awarded the “China Venture Capital 10 year cutting-edge Investor” prize jointly issued by Financial Research Institute under the State Council Development Research Centre, Beijing Equity Exchange, the International Research Centre for equity investment and the International Financiers Association in 2008.

BIOGRAPHIES OF DIRECTORS AND COMPANY SECRETARY

Mr. Li Zhi Qiang, aged 54, was appointed as an executive Director on 22 June 2016. Mr Li was graduated from The First Aviation Academy of Chinese Air Force* (空軍第一航空學院) majoring Aviation mechanical engineering in the People's Republic of China ("PRC") in July 1983. Mr. Li obtained his master degrees in management from The University of Science and Technology of China* (中國科學技術大學) in the PRC in February 1991. Mr. Li also obtained his doctoral degree in business management in the Pacific College of the University of Touro and a doctoral degree in management from the Euromed Marseille Ecole de Management in June 2013. Mr. Li is also currently the academican of the World Academy of Productivity* (世界生產力科學院). Mr. Li was the legal advisor of the general office of the Central Military Commission of the Communist Party of the PRC (中華人民共和國中央軍事委員會) and executive editor-in-chief of China Military Law Magazine* (中國軍法) during the period from 1993 to 2003. In the meantime, he was also a professor on international business law of Beijing International Business School. He has successively served as a director, a party committee secretary and the vice-chairman of Sino Life Insurance Co., Ltd. (生命人壽保險股份有限公司) during the period from 2004 to 2012. In addition, he has served as the chairman of International Cultural Media Co., Ltd.* (國際文化交流傳媒有限責任公司) since 2012. Mr. Li is currently an independent non-executive director of China First Capital Group Limited (Stock Code: 1269), whose shares listed on the main board of the Stock Exchange. In 2015, Mr. Li was honored with the Confucius Business Prize* (孔子儒商獎).

Independent non-executive Director ("INEDs")

Mr. Yan Guoni, aged 62, was appointed as an INED on 25 June 2014 and was appointed as the chairman of each of the Board's audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") on the same date. Mr. Yan graduated from the Chinese Department of Foshan University and the Faculty of Law of Sun Yat-Sen University. Mr. Yan is currently a partner of a law firm in the People's Republic of China (the "PRC"). He is a member of the Legal Experts Panel of the Standing Committee of the People's Congress of Sanshui District, Foshan, Guangdong Province (廣東省佛山市三水區人大常委會法律專家委員會委員) and a mediator of the Commercial Mediation Committee of Sanshui Chamber of Commerce in Foshan (佛山市三水區商會企業商事調解委員會調解員). Mr. Yan has comprehensive working experience in the legal affairs of architecture, real estate, economic contracts and corporate law.

Mr. Ou Wei An, aged 49, was appointed as an INED and a member of the Audit Committee, Remuneration Committee and Nomination Committee on 11 July 2014. Mr. Ou was awarded a master's degree in law from the Xiangtan University (湘潭大學), Hunan in 1999 and a doctorate's degree in law from the Sichuan University in 2008. Mr. Ou is an associate professor of the Law School of Guangzhou University and has been practising as a registered lawyer in China since 2001. Mr. Ou is currently a guest legal expert of the Guangzhou City Federation of Industry and Commerce.

Mr. Tang Rong Gang, aged 47, was appointed as an INED and a member of the Audit Committee, Remuneration Committee and Nomination Committee on 25 June 2014. Mr. Tang graduated from the Hainan Open University (海南廣播大學) and was qualified as an assistant accountant in Guangdong Province in 2004. He has over 22 years of working experience in the accounting field.

Mr. Ng Yu Ho, Steve, aged 39, was appointed as an INED on 13 November 2014. Mr. Ng is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Ng graduated from the Hong Kong Polytechnic University with a bachelor's degree in accountancy. He has worked in PricewaterhouseCoopers Hong Kong for 9 years. He has extensive experience in auditing and has in-depth knowledge in auditing and accounting standards. The clients he served included both private and public companies, across different industries such as construction and property development, manufacturing, retailing, pharmaceutical and other services industries. On 23 June 2016, Mr. Ng was appointed as a company secretary of Aeso Holding Limited (a company listed on the GEM of the Stock Exchange, stock code: 8341)

* for identification purpose only

BIOGRAPHIES OF DIRECTORS AND COMPANY SECRETARY

Company Secretary

Mr. Fung Nam Shan, aged 40, was appointed as the company secretary and an authorised representative of the Company on 1 July 2014. He is responsible for financial management and reporting, and overseeing the compliance with certain listing rules and regulations for the Company. Mr. Fung holds a bachelor's degree in accounting awarded by the University of Newcastle, Australia. Mr. Fung is a member of the Hong Kong Institute of Certified Public Accountants and a CPA member of the Australian Institute of Certified Public Accountants. Mr. Fung is currently an INED of Energy International Investments Holdings Limited (listed on the main board of the Stock Exchange (stock code: 0353)), the company secretary and authorised representative of China Ocean Fishing Holdings Limited (listed on the GEM (stock code: 8047)), Camsing International Holding Limited (currently listed on the main board (stock code: 2662)) and Yat Sing Holdings Limited (listed on the main board (stock code: 3708)) and the company secretary of Thelloy Development Group Limited (currently listed on the GEM (stock code: 8122)). He was a joint company secretary of Future Bright Mining Holdings Limited (currently listed on the main board (stock code: 2212)). Mr. Fung served Zhejiang Chang'an Renheng Technology Co., Ltd. (currently listed on the GEM of the Stock Exchange (stock code: 8139)) as financial controller and company secretary from April 2013 to March 2015. Mr. Fung was employed as financial controller and company secretary of South China Land Limited (currently listed on the GEM of the Stock Exchange (stock code: 8155)) from February 2010 to April 2013. He has worked for PricewaterhouseCoopers as an audit manager for several years which brought him strong experience in auditing, accounting and taxation in Hong Kong and the PRC. He has been one of the marketing committee members of The Hong Kong Youth Hostels and also a member of its charity walk organising committee since 2012.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

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

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

Code provision A.2.1 of the CG Code stipulates that roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. 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 INED) are not appointed for a specific term but they are all subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company.

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.

CORPORATE GOVERNANCE REPORT

COMPOSITION OF THE BOARD

At the date of this report, the Board comprises 6 executive Directors and 4 INEDs, the name and office of each of the members of the Board and the Board committees of the Company are as follows:

Board member

Mr. Wong Kin Hong

Mr. Huang Yonghua

Mr. Wong Tat Wa

Ms. Leung Po Yee

Mr. Gao Hong (appointed on 18 June 2016)

Mr. Li Zhi Qiang (appointed on 22 June 2016)

Mr. Yan Guoniu

Mr. Tang Rong Gang

Mr. Ou Wei An

Mr. Ng Yu Ho, Steve

Office

Chairman/Executive Director

Executive Director

Executive Director

Executive Director

Executive Director

Executive Director

INED

INED

INED

INED

Audit Committee member

Mr. Yan Guoniu

Mr. Tang Rong Gang

Mr. Ou Wei An

Mr. Ng Yu Ho, Steve

Chairman

Remuneration Committee member

Mr. Yan Guoniu

Mr. Tang Rong Gang

Mr. Ou Wei An

Mr. Ng Yu Ho, Steve

Chairman

Nomination Committee member

Mr. Yan Guoniu

Mr. Tang Rong Gang

Mr. Ou Wei An

Mr. Ng Yu Ho, Steve

Chairman

There is no specific term of appointment of the Directors. The term of office of each of the Directors (including the INEDs) is the period up to his/her retirement by rotation or otherwise as required by the Bye-laws.

CORPORATE GOVERNANCE REPORT

The Board composition is regularly reviewed to ensure that it has a balance of skills and experience appropriate for the requirement of the business of the Group. A balanced composition of executive Directors and INEDs is maintained to ensure independence and effective management. The Company has satisfied the relevant provision of the GEM Listing Rules in having at least one of the INEDs with appropriate professional qualifications or accounting or related financial management expertise.

The appointment of Directors is recommended by the Remuneration Committee and the Nomination Committee and approved by the Board based on a formal written procedure and policy for the appointment of new Directors. When selecting potential candidates for the Directors, their skills, experience, expertise, devotion of time and non-conflicts of interests are the key factors.

The daily operation and management of the business of the Group, among other matters, the implementation of strategies, are delegated to the executive Directors. They report periodically to the Board on their work and business decisions.

All Directors have been fully consulted about any matters proposed for inclusion in the agenda for regular meetings. The chairman of the Board has delegated the responsibility for drawing up the agenda for each Board meeting to the company secretary of the Company (the "Company Secretary").

With the assistance of the executive Directors and the Company Secretary, the chairman of the Board seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and have received adequate and reliable information in a timely manner.

Notices of at least fourteen days are given to the Directors for regular meetings, while Board papers are sent to the Directors not less than three days before the intended date of a Board or Board committee meeting. With respect to other meetings, the Directors are given as much notice as is reasonable and practicable in the circumstances. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Bye-laws of the Company (the "Bye-laws"). The Company Secretary ensures that the procedures and all applicable rules and regulations are complied with. Minutes of Board meetings and meetings of Board committees are kept by the Company Secretary and are available for inspection at any time on reasonable notice by any Director.

The Directors have full access to information of the Group and are able to obtain independent professional advice whenever they deem necessary. Memorandums are issued to the Directors from time to time to update them with legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

The Company has received from each of the INEDs an annual confirmation of their independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all of the INEDs are independent.

Mr. KH Wong, an executive Director and the chairman of the Board, is the uncle of Mr. Huang Yonghua and Mr. Wong Tat Wa, both executive Directors. Save as disclosed in the "Biographies of Directors" section of this annual report, there is no relationship (including financial, business, family and other material/relevant relationship) among the members of the Board (including between the chairman of the Board and the executive Directors).

CORPORATE GOVERNANCE REPORT

RESPONSIBILITIES

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include (1) regular board meetings focusing on business strategy, operational issues and financial performance; (2) monitoring the quality, timeliness, relevance and reliability of internal and external reporting; (3) monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in connected transaction; and (4) ensuring processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

DIRECTOR'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENT

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and ensure that the consolidated financial statements of the Group are accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the consolidated financial statements of the Group. In preparing the accounts for the Year, the Directors have, among other things:

- Selected suitable accounting policies and applied them consistently;
- Approved adoption of all Hong Kong Financial Reporting Standards ("HKFRSs") which are in conformity with the International Financial Reporting Standards ("IFRSs"); and
- Made judgments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

Selection of candidates will be based on a range of diversity perspectives as stated in the above. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As at the date of this report, the Board comprises 10 Directors. Four of the Directors are INEDs and independent of management, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of professional background and skills.

CORPORATE GOVERNANCE REPORT

DELEGATION BY THE BOARD

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Specific responsibilities of each committee are described below. All committees are chaired by an INED. All committees have defined terms of reference which are no less exacting than those set out in the CG Code.

During the year, the Board held 6 meetings in total, and the individual attendance record of each Director at the meetings of the Board and the general meeting of the Company during the Year is set out below:

Name of Directors	Attendance/ Number of Board Meetings	Attendance/ Number of General Meeting
<i>Executive Directors:</i>		
Mr. Wong Kin Hong (<i>Chairman</i>)	6/6	1/1
Mr. Huang Yonghua	6/6	1/1
Mr. Wong Tat Wa	6/6	1/1
Ms. Leung Po Yee	6/6	1/1
Mr. Gao Hong (appointed on 18 June 2016)	3/3	0/0
Mr. Li Zhi Qiang (appointed on 22 June 2016)	2/2	0/0
Mr. Thomas Ng Cheng Kiong (resigned on 3 March 2016)	0/0	0/0
<i>INEDs:</i>		
Mr. Yan Guoniu	6/6	1/1
Mr. Tang Rong Gang	6/6	1/1
Mr. Ou Wei An	6/6	1/1
Mr. Ng Yu Ho, Steve	6/6	1/1

Note: The attendance figure represents the actual attendance/the number of meetings a Director was required to attend.

Apart from regular Board meetings, the chairman also had a meeting with the INEDs without the presence of executive Directors during the Year.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Audit Committee consists of four INEDs, namely Mr. Yan Guoni, serving as the chairman, Mr. Tang Rong Gang, Mr. Ou Wei An and Mr. Ng Yu Ho, Steve.

The primary responsibilities of the Audit Committee are to (i) review the financial reporting process of the Group and its internal control and risk management systems, the effectiveness of the Company's internal audit function, (ii) oversee the audit process, (iii) review the Company's compliance with the CG Code and (iv) perform other duties assigned by the Board. All committee members possess appropriate professional qualifications or accounting or related financial management expertise as required by the GEM Listing Rules.

As required by Rule 5.28 of the GEM Listing Rules, the Company has established the Audit Committee with written terms of reference which deal clearly with its authority and duties. The Audit Committee's principal duties are to review and supervise the Company's financial reporting process and internal control systems.

During the Year, the Audit Committee reviewed the financial results of the Group on a quarterly basis, audit plans and findings of the external auditor, the independence of external auditors, accounting principles and practices of the Group, the GEM Listing Rules and statutory compliance, internal controls, risk management, financial reporting matters and adequacy of resources, qualifications and experience of accounting and financial reporting staff and made recommendations to the Board to improve the quality of financial information to be disclosed and internal control. The Audit Committee has also reviewed and approved the engagement of external auditors to perform statutory audit and non-audit services and approved their fees. There was no disagreement between the Board and the Audit Committee on the selection and appointment of external auditors.

The Company's financial statements for the Year have been reviewed by the Audit Committee. The Audit Committee considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the Stock Exchange and disclosures have been fully made.

During the Year, the Audit Committee held 4 meetings and performed duties including reviewing the Group's annual, half-yearly and quarterly reports.

The individual attendance record of each member at the meeting of the Audit Committee during the Year is set out below:

Name of Members	Attendance/ Number of Meeting
Mr. Yan Guoni	4/4
Mr. Tang Rong Gang	4/4
Mr. Ou Wei An	4/4
Mr. Ng Yu Ho, Steve	4/4

Note: The attendance figure represents the actual attendance/the number of meetings a member was required to attend.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Remuneration Committee was established with written terms of reference in compliance with the CG Code. The Remuneration Committee consists of four INEDs, namely Mr. Yan Guoniu, serving as the chairman, Mr. Tang Rong Gang, Mr. Ou Wei An and Mr. Ng Yu Ho, Steve.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure of all remuneration of Directors and senior management and the establishment of a formal and transparent procedure for developing a policy on such remuneration, assess performance of executive directors and approve the terms of executive directors' service contracts.

The Remuneration Committee and the Board review the terms of reference of the Remuneration Committee at least annually. The terms of reference of the Remuneration Committee are in line with the requirements of the GEM Listing Rules.

According to the terms of reference of the Remuneration Committee, the Remuneration Committee makes recommendation, to the Board for its final determination of the remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; and make recommendations to the Board about the Directors' fee of non-executive Directors. The Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, responsibilities and performance of the Directors and senior management.

The Remuneration Committee members held one meeting in the Year. During the Year, the Committee has discussed and reviewed the executive Directors' services contract and performance and the remuneration packages for the Directors and the senior management. The remuneration policy of the Company is to enable the Company to retain and motivate employees (including executive Directors) to meet corporate objectives. A Director is not allowed to approve his/her own remuneration. The remuneration package of an executive Director includes basic salary, allowance, discretionary bonus and share-based benefits, which are all covered by a service contract. The Director's fee of INEDs is subject to annual assessment. Remuneration surveys on companies operating in similar business, inflation rates, industry trends and performance of the Company are referred to when the Remuneration Committee is considering the remuneration packages of the Directors.

The individual attendance record of each member at the meeting of the Remuneration Committee during the Year is set out below:

Name of Members	Attendance/ Number of Meeting
Mr. Yan Guoniu	1/1
Mr. Tang Rong Gang	1/1
Mr. Ou Wei An	1/1
Mr. Ng Yu Ho, Steve	1/1

Note:

1. The attendance figure represents actual attendance/the number of meeting a member was required to attend.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Nomination Committee was established with written terms of reference in compliance with the CG Code. The Nomination Committee consists of four INEDs, namely Mr. Yan Guoniu, serving as the chairman, Mr. Tang Rong Gang, Mr. Ou Wei An and Mr. Ng Yu Ho, Steve.

The Nomination Committee is responsible for (i) reviewing the Board's structure, size, composition and diversity against factors including but not limited to gender, age, nationality, cultural and educational background, professional experience, skills, knowledge, industry experience and length of services, having regard to the Group's business activities, assets and management portfolio, (ii) selecting Board members and ensuring transparency of the selection process, (iii) reviewing and monitoring the training and continuous professional development of the Directors and senior management and (iv) assessing the independence of the INEDs, having regard to the requirements under the GEM Listing Rules. The Committee identifies individuals suitably qualified to become or continue to be the Board members by taking into consideration criteria like expertise, experience and commitment and makes recommendations to the Board on the selection of individuals nomination for directorships.

The Nomination Committee and the Board review the terms of reference of the Nomination Committee at least annually. The terms of reference of the Nomination Committee are in line with the requirements of the GEM Listing Rules.

During the year, one meeting was held by the Nomination Committee to review on the Board's structure, size, composition and diversity, and the extension of term of service of the INEDs.

The individual attendance record of each member at the meeting of the Nomination Committee during the Year is set out below:

Name of Members	Attendance/ Number of Meeting
Mr. Yan Guoniu	1/1
Mr. Tang Rong Gang	1/1
Mr. Ou Wei An	1/1
Mr. Ng Yu Ho, Steve	1/1

CORPORATE GOVERNANCE FUNCTIONS

The Board did not establish a corporate governance committee but has delegated its responsibility for performing corporate governance duties to the Audit Committee. During the Year, the Board and the Audit Committee have (i) reviewed the Company's policies and practices on corporate governance and made relevant recommendations to the Board, (ii) reviewed and monitored the training and continuous professional development of the Directors and senior management, (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, (iv) reviewed and monitored the code of conduct applicable to employees and Directors; and (v) reviewed the Company's compliance with the CG Code and disclosure in this report.

CORPORATE GOVERNANCE REPORT

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.

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS

Directors must keep abreast of their collective responsibilities. Each newly appointed Director receives an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. Apart from the updates on regulatory changes and governance developments provided by the Company, the Directors are encouraged to participate in professional training and seminars to develop and refresh their knowledge and skills. A training record has been devised to record the training which the Directors have undertaken.

Up to date of this report, the current Board members participated in the following training programs:

Name of Directors	Types of training	
	Attending in-house training organised by professional organisations	Reading materials updating on new rules and regulations
Executive directors		
Mr. Wong Kin Hong (<i>Chairman</i>)	✓	✓
Mr. Huang Yonghua	✓	✓
Mr. Wong Tat Wa	✓	✓
Ms. Leung Po Yee	✓	✓
Mr. Gao Hong (appointed on 18 June 2016)	✓	✓
Mr. Li Zhi Qiang (appointed on 22 June 2016)	✓	✓
Mr. Thomas Ng Cheng Kiong (resigned on 3 March 2016)	N/A	N/A
INEDs		
Mr. Yan Guoniu	✓	✓
Mr. Tang Rong Gang	✓	✓
Mr. Ou Wei An	✓	✓
Mr. Ng Yu Ho, Steve	✓	✓

Note: N/A represents not applicable.

CORPORATE GOVERNANCE REPORT

DIRECTORS AND OFFICERS INSURANCE

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group and, as at the date of this report, the Directors and officers of the Company are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers of the Company shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

COMPANY SECRETARY

The present company secretary of the Company (the "Company Secretary") is an external service provider, and his primary corporate contact person is Mr. KH Wong, an executive Director and the Chairman of the Board, for the purpose of code provision F.1.1 of the CG Code. The Company Secretary is to ensure a good information flow within the Board and between the Board and senior management of the Company, to provide advice to the Board in relation to the Directors' obligations under the GEM Listing Rules and applicable laws and regulations and to assist the Board in implementing the corporate governance practices. Mr. Fung Nam Shan, the Company Secretary of the Company, has provided his training records to the Company indicating his compliance with the 15-hour training requirement under Rule 5.15 of the GEM Listing Rules.

INTERNAL CONTROLS

The Directors are responsible for maintaining and reviewing the effectiveness of the internal controls of the Company, including material financial, operational and compliance controls, risk management functions and particularly the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting and financial reporting function. Effective for the accounting period beginning on 1 January 2016, the Directors of the Company are required to assess the effectiveness of the risk management and internal control systems on an ongoing basis. Appropriate policies and control procedures have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Company performance are appropriately identified and managed. In the case of the Company, such procedures are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. These procedures can only provide reasonable, and not absolute, assurance against material misstatement or losses.

The Company has engaged an internal control review advisor to conduct the annual review of the effectiveness of the internal control system. Review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions of different systems has been done on a systematic rotational basis based on the risk assessments of the operations and controls. The scope of review for the Year had been determined and approved by the Audit Committee. No major issue but areas for improvement have been identified. The Board and the Audit Committee considered that the key areas of the Group's internal control systems are reasonably implemented.

CORPORATE GOVERNANCE REPORT

RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the revised consolidated financial statements of the Group and ensure that the preparation of the consolidated financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

The Directors were not aware of any material uncertainties which may affect the Company's business or cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the revised consolidated financial statements of the Group for the Year is set out in the Independent Auditor's Report on pages 41 to 44 of this revised annual report.

AUDITOR'S REMUNERATION & RESPONSIBILITIES

The Company has appointed RSM Hong Kong (the "Auditor") as the Auditor of the Group. The Board was authorised by the Shareholders at the 2016 AGM to determine the remuneration of the Auditor.

For the Year, RSM Hong Kong received HK\$600,000 for audit services and no non-audit services was provided by RSM Hong Kong.

The Statement of the Auditor about their reporting responsibilities on the revised consolidated financial statements of the Group is set out in the Independent Auditor's Report on page 41 to 44.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with its shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The disclosure of the Group's information in a reasonable and time manner by the Board is to facilitate the shareholders as well as the investors to have a better understanding of the business performance, operations and strategies of the Group.

Our website at www.victoryhousefp.com/lchp/8150.html allows the Company's potential and existing investors as well as the public to get access to and acquire the Company's up-to-date corporate and financial information.

Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. The contact details of the Company are provided in this report, the "Corporate Information" section of this annual report and the Company's website.

The Board welcomes views of shareholders and encourages them to attend general meetings to raise any concerns that they may have with the Board or the management directly. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

CORPORATE GOVERNANCE REPORT

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

To safeguard shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. Besides, pursuant to bye-law 58 of the Bye-laws, any one or more shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so.

Shareholders may send written enquiries to the Company or put forward any enquiries or proposals to the Board. The contact details are as follows:

Company Secretary
Seamless Green China (Holdings) Limited
Address: 6/F, Pico Tower
66 Gloucester Road
Wanchai, Hong Kong
Fax No.: 852-37534617

To put forward proposals at an annual general meeting or a special general meeting, the shareholders shall submit a written notice of those proposals with detailed contact information to the Company Secretary at the Company's registered office.

The request will be verified with the Company's branch share registrar in Hong Kong and upon its confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the proposed resolution in the agenda for the general meeting.

Moreover, the notice period concerning the notice to be given to all the shareholders for consideration of the proposals submitted by the shareholders concerned varies as follows pursuant to bye-law 59 of the Bye-laws:

- (a) for an annual general meeting and any special general meeting at which the passing of a special resolution is to be considered, it shall be called by at least 21 clear days' notice in writing; and
- (b) for all other special general meetings, they may be called by not less than 14 clear days' notice in writing.

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the Company's address above-mentioned and provide their full names, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Constitutional documents

There are no changes in the Company's constitutional documents during the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

This is the first time for Seamless Green China (Holdings) Limited and together with its subsidiaries (hereinafter referred as the “Group”), to prepare the Environmental, Social, and Governance report (hereinafter referred as the “ESG Report”) to highlight its ESG performance.

This ESG report covers the Group's overall performance in two subject areas, namely, Environment and Social for the business operations in Hong Kong and the People's Republic of China (the “PRC”). After conducting the materiality testing, the Group is disclosing the ESG performance of the headquarter office in Hong Kong, the sales office in Guangzhou, and the office and manufactory of Jiangmen Jessilyn Electronic Technology Limited (hereinafter referred as “Jiangmen Jessilyn”) in Jiangmen, Guangzhou, the “PRC”. The Group's principle business is the manufacturing of LED lighting products that is conducted in the factory of Jiangmen Jessilyn, trading and selling of the LED products is conducted in both Jiangmen and the Guangzhou offices in the “PRC”. Jiangmen Jessilyn is principally engaged in the design, develop and manufacture of LED lighting products in the reporting period from 1 January 2016 to 31 December 2016 unless otherwise stated.

STAKEHOLDERS' FEEDBACK

We welcome stakeholders' feedback on our environmental, social and governance approach and performance.

THE GROUP'S VISION ON ENVIRONMENT, SOCIETY AND GOVERNANCE

The principal activity of the Group is investment holding. The Group's subsidiaries are principally engaged in the manufacturing and trading of LED lighting products. the Group's vision and aspiration are to look for sustainable and profitable business to ensure healthy development of the Company and long-term returns to shareholders; to engage in the manufacturing of environmentally-friendly products so as to create a positive impact to the society; and to be an effective organisation that enhances integrity and high operational standards.

ENVIRONMENTAL PERFORMANCE

To provide meaningful information for this ESG report, the Group is disclosing its carbon footprint as a socially responsible enterprise in Hong Kong and the “PRC”. The carbon footprint is defined as the total amount of direct and indirect emissions of Green House Gases (GHGs) expressed in terms of equivalent amount of Carbon Dioxide (CO₂) emission.

The Group accounts for 100% of emissions from its operations in Hong Kong's headquarter office (250 m²), Jiangmen Jessilyn office & LED Factory (1,030 m²) and Guangzhou Sales Office (156.81 m²). Total floor area coverage for the Group was 1,436.81 m² in the reporting period.

The emissions from the operation of the Group was mainly generated from the use of electricity, gasoline, water, paper, electrical waste and non-hazardous waste. The business does not involve in production-related air, water, and land pollutions which are regulated under national laws and regulations. In addition, no hazardous waste was produced by the Group in the reporting period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Type of Emissions

Volatile organic compounds (VOCs) is generated from the welding process during the production of LED drivers and adaptors. VOCs is organic chemicals that has a high vapour pressure at ordinary room temperature. VOCs generated during the production process are well collected with special collection duct and is purified by the external air purification unit before exhausted out of the factory. The VOCs collection facilities not only minimise the VOCs emission from the factory, but also protect the health of the employees.

There was 60.24 tonnes of carbon dioxide equivalent (tCO₂-eq) greenhouse gases (mainly carbon dioxide, methane and nitrous oxide) emitted from the Group's operation in the reporting period. With the total operation area of 1,436.81 m², the total annual emission intensity due to energy usage was 0.042 tCO₂-eq/m². The major source of the carbon dioxide emission was generated by the LED lighting products production in Jiangmen Jessilyn. The factory has practices on performing electrical waste and packaging materials waste recycling. However, the amount was not accounted for accurately in the reporting period and therefore it is not highlighted in this report. The related waste recycling measures and data will be collected in the next fiscal year as stated in the Group's environmental policy.

The emission figure is contributed by:

Scope of greenhouse gas emissions	Emission sources	Emission (in tCO ₂ -eq)	Distribution
Scope 1			
Direct Emission	Consumption of Unleaded Petroleum by the Group's owned fleet (4,092.00 litres)	9.66	16.03%
Scope 2			
Indirect Emission	Consumption of Purchased Electricity (56,916.00 kWh)	50.31	83.52%
Scope 3			
Other Indirect Emission	Disposal of Paper Waste (57.00 kg)	0.27	0.45%
Total		60.24	100.00%

Non-hazardous Waste Produced

Non-hazardous waste produced from the Group's operation includes packaging materials, paper for office use and other domestic waste from the factory. Packaging materials for the LED lighting appliance and parts were well organised and recycled. The Groups will adopt a new policy to record the total amount of papers being recycled and the amount of other waste generated from its operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Electrical Waste (E-Waste)

The factory mainly produce LED related lighting products that includes LED driver and transformer. All products has obtained the CE marking accredited by international association and laboratory. Therefore, all electrical waste generated from the production is required to fulfill the Restriction on Hazardous Waste Directive (RoHS) and Waste Electrical and Electronic Equipment (WEEE) Directive. The product and its parts should not exceed the limit being set for the CE accredited listed hazardous substance. All parts and post-consumer parts should be appropriately recycled. In the reporting period, the E-waste has been well sorted and recycled by local recycler. The Group will also adopt a new policy to account for the total amount of E-waste generated from production and to keep monitor the recycling performance.

Use of Natural Resources

The consumption of petroleum for motor vehicles by the Group was 4,092 litres in the reporting period, contributing to 9.66 tonnes of carbon dioxide equivalent.

The electricity consumption by the Group was 56,916 Kilowatt-hour (kWh), with an energy intensity of 39.61 kWh/m². The Group has adopted energy saving policy to enhance energy efficiency since 2015. LED lighting has been installed in the Jiangmen Jessilyn production line which helps to reduce the overall energy usage by up to 40%. The Group is actively seeking for more energy efficient production equipment so as to save energy during the production process.

The Group consumed 156 cubic meters (m³) of fresh water in total which was mainly accounted from the Jiangmen Jessilyn factory. As water is a precious natural resource, the Group is conscientious in the conservation of water as a socially responsible company.

SOCIAL PERFORMANCE

Employment

As at 31 December 2016, the Group had 38 employees (2015: 53). 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 remuneration policy of the Group is reviewed regularly, making reference to the market conditions and performance of the Group and individual employees.

Employee Health and Safety

The Group cares about the well-being of employees through adopting various occupational health and safety measures. Specific instructions and guidelines on employees health and safety procedure are developed and communicated in the factory through briefings, notices, posters, and slogans to promote and enhance safety awareness and practices among employees.

Employee Development and Training

Employees are regarded as the most important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognise performing staff by a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement. The Group provides clear instructions and information, and adequate training to ensure employees are competent to perform at work. The average training hours of each employee is three hours each week.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Labour Standards

There is no child nor forced labour in the Group's operations as it is in compliance with the Employment Ordinance – Chapter 57 of the Laws of Hong Kong and the Provisions on the Law of the People's Republic of China on the Prohibition of Using Child Labour and the Law of the People's Republic of China on the Protection of Minors and as stipulated by the Labour Law of the People's Republic of China in terms of employment management. The recruitment process is strictly abided by the guidelines of the Group's Human Resource Management.

Supply Chain Management

The quality and safety of the LED lighting products are very important; the Group's supply chain management system oversees and manages processes from raw materials used, product design, customer specification, and quality management in factories and final products testing. The Group's procurement policy is to select suppliers that offer reasonable price, quality assurance, prompt delivery, and stable stock control so that the its production process and standard will not be compromised.

Product Responsibility

As a social-responsible corporation, the Group is committed to manufacture products that meet high safety, health, and environmental protection requirements by obtaining the CE marking for its customers. Production materials are purchased from accredited suppliers to ensure a non-toxic production. By affixing the CE marking to the products, the Group declares that its products meet all the legal and technical requirements verified by an independent entity. Furthermore, its products provide a high level of protection by complying with the Low Voltage Directive (LVD) 2014/35/EU In order to facilitate a higher recycling rate, the Group shall also improve the effectiveness of its recycling practice during materials procurement, production and packaging process.

Anti-corruption

The Company Secretary ensures that the procedures and all applicable rules and regulations are complied with. Minutes of Board meetings and meetings of Board committees are kept by the Company Secretary and are available for inspection at any time on reasonable notice.

The Group requires employees to comply with the requirements set forth in Hong Kong Laws Chapter 615 Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance and relevant global legislations (collective referred as "AML").

The Group will regularly brief, circulate, train and update employees the requirements of AML and will also update list of Basel Anti-Money Laundering (AML) Index report developed by the Basel Institute on Governance to help employee to avoid from AML violations during normal course of business operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONCLUSION

The Group has conducted the ESG reporting in accordance with the HKEx Environmental, Social, Governmental Reporting Guide (Appendix 20 of the GEM Listing Rules), all the information available for the reporting period are included in this report. The Group is committed to continue the ESG reporting on a regular basis and to improve on policies and procedures to the management, measurement and monitoring system of ESG related strategies that will facilitate a more sustainable business growth.

REPORT OF THE DIRECTORS

The Directors submit their revised report together with the revised audited consolidated financial statements of the Group for the year ended 31 December 2016 (the “Year”).

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Company’s subsidiaries are principally engaged in the manufacturing and sale of synthetic sapphire watch crystals and optoelectronic products, trading of liquor, manufacturing and trading of LED lighting products.

An analysis of the Group’s segment information for the Year by business is set out in note 10 to the consolidated financial statements.

RESULTS AND DIVIDENDS

Details of the revised audited consolidated results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 45 and 46, of this annual report.

The Board does not recommend the payment of a final dividend for the Year (2015: Nil).

BUSINESS REVIEW

A fair review of the business of the Group as well as discussion and analysis of the Group’s performance during the Year and the material factors underlying its financial performance and financial position can be found in the “Chairman’s Statement” and “Management Discussion and Analysis” set out on pages 4 and 5 and pages 6 to 10 respectively. An analysis of the Group’s financial risk management is provided in note 6 to the consolidated financial statements. No important event affecting the Group has occurred since the end of the Year.

Looking ahead, the global economic environment remains challenging. The global economic downturn and US interest rate hikes have created uncertainties and risks. The Group will continue to combat rising operating costs by bolstering production efficiency and employing stringent cost control measures. The Group will focus on the LED lighting business in 2017, with more of the Group resources being allocated in this business line as an initiative to improve the Group’s financial performance.

Environmental policies and performance

The Group recognises its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts if possible. The Group aims to maximise energy conservation in its offices by promoting efficient use of resources and adopting green technologies. For instance, the Group continues to upgrade equipment such as lighting systems in order to increase overall operating efficiency. To identify energy efficiency opportunities, the Group measures and records the energy consumption intensity from time to time.

REPORT OF THE DIRECTORS

Compliance with law and regulation

The Group recognises the importance of compliance with regulatory requirements and that the risk of non-compliance with such requirements could lead to the termination of business operation. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with relevant authorities effectively through effective communications.

The Group also complies with the requirements under the Bermuda Companies Act, the Hong Kong Companies Ordinance, the GEM Listing Rules and the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the “SFO”) for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance and ordinances relating to occupational safety for the interest employees of the Group in Hong Kong.

Key relationships with employees, customers and suppliers

The Group’s success depends on, amongst other matters, the support from key stakeholders which comprise employees, shareholders, customers and suppliers.

Employees are regarded as the most important and valuable assets of the Group. The objective of the Group’s human resource management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement. One of the corporate goals of the Group is to enhance corporate value to shareholders. The Group is poised to foster business developments for improving the Group’s financial performance and rewarding shareholders by stable dividend payouts in the foreseeable future when sustainable earnings growth can be achieved, taking into account the capital adequacy levels, liquidity positions and business expansion needs of the Group. The Group aimed to maintain good and sustainable relationship with its customers and suppliers in order to achieve stable growth in sales, as well as maintain a stable supplier chain.

Principal risks and uncertainties facing the Company

Risk relating to the business growth sustainability

The Group commenced the production and sales of LED lighting products in late of 2014. To a considerable degree, revenue during the Year was mainly attributable to the production and sale of LED lighting products. However, the Group only has a limited operating history for the production and sale of LED lighting products. Certain challenges are associated with companies that have relatively short operating histories on a business segment, including the ability to, among other things, effectively manage a rapidly growing business segment and respond effectively to the changes of market conditions.

REPORT OF THE DIRECTORS

Market risk on the existing LED lighting products

The competitiveness in the LED lighting industry is largely dependent on the Group's ability to improve the quality of the existing products and develop new products and techniques. As the Group has a limited history of operating the LED lighting business, no assurance could be given that such products will be well-accepted by the market.

Further, other competitors in the market may improve, develop and launch products which are superior to our products in terms of costs, production lead times and product quality, which would render our products non-competitive and obsolete. If the Group lags behind its competitors in improving existing products and/or launching new products in a timely manner, the Group may not be able to retain the existing customers, compete effectively for new business or maintain the position in the market, and the results of operations, profitability and prospects could be adversely affected as a result.

Risk relating to doing business in the People's Republic of China (the "PRC")

Substantially all of the Group's operations and assets are located the PRC. Accordingly, the Group's financial condition, results of operations and prospects are subject, to a significant degree, to the economic, political and social conditions and government policies in China. The PRC economy differs from the economies of most developed countries in a number of respects, including the extent of government involvement, level of development, growth rate, and control of foreign exchange.

While the PRC economy has grown significantly in the past 30 years, this growth has been geographically uneven among various sectors of the economy and during different periods. The Group cannot assure that the PRC economy will continue to grow, or that if there is growth, such growth will be steady and uniform. Any economic slowdown may have a negative effect on the Group's business. For example, the PRC government has in the past periodically implemented a number of measures intended to slow down certain segments of the economy, which the government believed to be overheating. The Group cannot assure that the various macroeconomic measures and monetary policies adopted by the PRC government to guide economic growth and the allocation of resources will be effective in improving the growth rate of the PRC economy. In addition, such measures, even if they benefit the overall PRC economy in the long term, may materially and adversely affect us if they reduce demand for the products.

SUBSIDIARIES

Details (including the principal activities) of the Company's subsidiaries as at 31 December 2016 are set out in note 35 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 48 of this annual report and note 29 to the consolidated financial statements, respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 17 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2016, no reserve was available for distribution to the owners of the Company (2015: Nil).

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist under the Company's bye-laws (the "Bye-laws") or under the laws in Bermuda.

GROUP FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 112 of this revised annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in note 27 to the consolidated financial statements.

DIRECTORS

During the Year and thereafter up to the date of this revised report, the Directors are named as follows:

Executive Directors:

Mr. Wong Kin Hong (*Chairman*)

Mr. Huang Yonghua

Mr. Wong Tat Wa

Ms. Leung Po Yee

Mr. Gao Hong (appointed on 18 June 2016)

Mr. Li Zhi Qiang (appointed on 22 June 2016)

Mr. Thomas Ng Cheng Kiong (resigned on 3 March 2016)

Independent Non-executive Directors (the "INEDs"):

Mr. Yan Guoni

Mr. Tang Rong Gang

Mr. Ou Wei An

Mr. Ng Yu Ho, Steve

Pursuant to bye-law 87(1) of the Bye-laws, at each annual general meeting, one-third of the Directors for the time being (or, if this number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at an annual general meeting of the Company (the "AGM") at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. As such, Mr. Wong Kin Hong, Mr. Wong Tat Wa and Mr. Tang Rong Gang shall retire from office at the forthcoming AGM (the "2017 AGM"). All of the above retiring directors, being eligible, will offer themselves for re-election at the 2017 AGM.

REPORT OF THE DIRECTORS

Pursuant to bye-law 86(2) of the Bye-laws, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the Members in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Members in general meeting. Any Director so appointed by the Board shall hold office only until the next following AGM and shall then be eligible for re-election at that meeting. As such, Mr. Gao Hong and Mr. Li Zhi Qiang shall hold office until the 2017 AGM and shall then be eligible and will offer themselves for re-election at the 2017 AGM.

Confirmation of independence of INEDs

The Company has received an annual written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules from each of the INEDs, namely Mr. Yan Guoniu, Mr. Ou Wei An, Mr. Tang Rong Gang and Mr. Ng Yu Ho, Steve as at the date of this report. The Company considers the INEDs to be independent.

Biographies of Directors

The biographical details of the Directors are set out on pages 11 to 12 of this revised annual report.

Directors' service contracts

None of the Directors who are proposed for re-election at the 2017 AGM has entered into a service contract with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

There is no specific term of appointment of the Directors. The term of office of each of the executive Directors and INEDs is the period up to his/her retirement by rotation or otherwise as required by the Bye-laws. Pursuant to bye-law 87(1) of the Bye-laws, at each AGM, one-third of the Directors for the time being shall retire from office by rotation.

Directors' and controlling shareholders' interests in transactions, arrangements or contracts of significance

No transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company, or any of its holding companies, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year, nor was there any transaction, arrangements or contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries for the Year.

Management contract

No contract concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the Year.

Directors' emoluments

Details of the remuneration of the Directors on a named basis during the Year are set out in note 15 to the consolidated financial statements.

Remuneration policy

The remuneration policy of the Company is reviewed regularly, making reference to the market conditions and performance of the Company and individual staff (including the Directors). The remuneration policy and remuneration packages of the Directors and senior management are reviewed by the remuneration committee and the Board, which are detailed in the paragraph headed "Remuneration Committee" under the Corporate Governance Report on page 20 of this revised annual report.

REPORT OF THE DIRECTORS

The Company provides a comprehensive benefit package for all employees as well as career development opportunities. This includes retirement schemes, share option scheme, medical insurance, other insurances, in-house training, on-the job training, external seminars and programs organised by professional bodies and educational institutes.

PENSION-DEFINED CONTRIBUTION PLANS

Details of the pension-defined contribution plans of the Group are set out in note 14 to the consolidated financial statements.

SHARE OPTIONS SCHEME AND OUTSTANDING SHARE OPTIONS

Details of the Company's share option scheme and the movement in the outstanding share options during the Year are set out in note 28 to the consolidated financial statements.

PERMITTED INDEMNITY

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group.

Pursuant to the Bye-laws, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses, which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2016, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO, which were required to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions in which they were taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

Ordinary shares in the Company (the "Shares")

Name of Director/ chief executive	Capacity/Nature of interest	No. of Shares	Underlying Shares	Long/Short position	Approximate percentage of the Company's issued Shares <i>(Note)</i>
Wong Kin Hong	Beneficial owner	25,500,000	–	Long Position	1.98%

Note: The percentage represents the number of Shares interested divided by the number of the Company's issued Shares as at 31 December 2016.

REPORT OF THE DIRECTORS

As at 31 December 2016, save as disclosed above, none of the Directors and the chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would have to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions in which they were taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed under the paragraphs headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme and Outstanding Share Options" above, at no time during the Year were any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or the chief executive of the Company or any of their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2016, so far as the Directors are aware, the persons (other than a Director or the chief executive of the Company) who had an interest or short position in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company under section 336 of the SFO, are as follows:

Name of shareholders	Capacity/Nature of Interest	Number of Shares held	Underlying Shares	Long/Short position	Approximate percentage of the Company's issued Shares (Note)
Elisabeta Ling	Beneficial owner	118,500,000	–	Long Position	9.21%

Notes: The percentage represents the number of Shares interested divided by the number of the Company's issued Shares as at 31 December 2016.

So far as is known to any Director, there was no person other than a Director or the chief executive of the Company who, as at 31 December 2016, had an interest or short position in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other substantial shareholders whose interest or short position were recorded in the register required to be kept by the Company under section 336 of the SFO.

REPORT OF THE DIRECTORS

SHAREHOLDERS' INTERESTS IN SECURITIES OF SIGNIFICANCE

Other than the interests disclosed above in respect of the substantial shareholders, as at 31 December 2016, no other person is individually and/or collectively entitled to exercise or control the exercise of five per cent. or more of the voting power at the general meetings of the Company and are able, as a practicable manner, to direct or influence the management of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales for the Year generated from the Group's major customers is as follows:

– The largest customer	28%
– Five largest customers	76%

The percentage of purchases for the Year attributable to the Group's major suppliers is as follows:

– The largest supplier	45%
– Five largest suppliers	83%

None of the Directors, their close associates (as defined in the GEM Listing Rules) or any shareholders (which to the knowledge of the Directors, owns more than 5% of the Company's share capital) had an interest in any of the Group's five largest customers and suppliers for the Year.

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.

COMPETING INTERESTS

During the Year, none of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) had an interest in a business that competed with or might compete with the business of the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "Securities Code") on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Following a specific enquiry made by the Company with the Directors, all of them have confirmed that they had complied with the required standard of dealings of the Securities Code throughout the Year.

REPORT OF THE DIRECTORS

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 (revised on 30 December 2015 in compliance with the GEM Listing Rules), 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 revised 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 and relevant disclosure requirements of the Hong Kong Companies Ordinance.

RELATED PARTIES TRANSACTIONS

Significant related party transactions entered into by the Group during the Year, which did not constitute connected transactions under the GEM Listing Rules, are disclosed in note 31 to the consolidated financial statements.

PUBLIC FLOAT

From the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital are held by the public at all times during the Year and thereafter up to the date of this revised report.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to implementing good corporate governance practices. Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 14 to 25 of this revised annual report.

INDEPENDENT AUDITORS

On 30 September 2014, Elite Partners CPA Limited, the preceding independent auditor of the Group, resigned and on 26 November 2014, RSM Hong Kong (formerly known as "RSM Nelson Wheeler") was appointed by the Board as the independent auditor of the Group.

At the Company's AGM held in 2016, RSM Hong Kong was re-appointed as the independent auditor of the Company.

The revised consolidated financial statements for the Year have been audited by RSM Hong Kong, who will retire and, being eligible, offer themselves for re-appointment. The Board has taken the Audit Committee's recommendation that a resolution for their re-appointment as independent auditor of the Company will be proposed at the 2017 AGM.

Save as disclosed above, there have been no other changes of independent auditors for the preceding three years.

REPORT OF THE DIRECTORS

SUBSEQUENT EVENT

Material event subsequent to 31 December 2016, the end of the reporting period and up to the date of this revised report was disclosed in note 34 to the consolidated financial statements.

Pursuant to the revisions to the consolidated financial statements, as detailed in note 34 to the consolidated financial statements, the original consolidated financial statements dated 24 March 2017 were replaced by the revised consolidated financial statements. The original report of directors and original consolidated financial statements are taken as having been revised by the directors on the date of the original report of directors and original consolidated financial statements instead of on the date of revisions and accordingly do not deal with events between those two dates.

On behalf of the Board

Wong Kin Hong

Chairman

Hong Kong, 18 July 2017

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF SEAMLESS GREEN CHINA (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability and re-domiciled to Bermuda on 22 January 2008)

Opinion

We have audited the revised consolidated financial statements of Seamless Green China (Holdings) Limited (the "Company") and its subsidiaries (the "Group") set out on pages 45 to 111, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. These revised consolidated financial statements replace the original consolidated financial statements approved by the directors on 24 March 2017.

In our opinion, the revised consolidated financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Revised Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The audit of revised consolidated financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

Emphasis of Matter-Revision of Consolidated Financial Statements

In forming our opinion on the revised consolidated financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 34 to the consolidated financial statements concerning the need to revise the consolidated financial statements. The original consolidated financial statements were approved on 24 March 2017 and our previous report was signed on that date (the "Previous Report"). We have not performed a subsequent event review for the period from the date of our Previous Report to the date of this report.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the revised consolidated financial statements of the current period. These matters were addressed in the context of our audit of the revised consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter we identified is:

Key Audit Matter

Going Concern Assessment

Refer to note 2 to the consolidated financial statements, the Group incurred a loss from its operations for the years ended 31 December 2016 and 2015. It mainly relied on income generated from manufacturing and trading of LED lighting products, which was not sufficient to cover its operating costs. These conditions increased the uncertainty about the Group's ability to continue as a going concern.

Notwithstanding the above, the Group's management considered that it was appropriate to prepare the revised consolidated financial statements on a going concern basis. Management also considered that there was not a material uncertainty in relation to going concern based on their assessment of the Group's cash position and expected liquidity requirements for the foreseeable future.

How our audit addressed the Key Audit Matter

Our procedures in relation to management's assessment of going concern included:

- We assessed the reasonableness of the assumptions adopted by management in the preparation of the cash flow forecasts based on the historical performance of the LED lighting products' business and our knowledge of the industry.
- We discussed with management their plans to control the Group's future operating costs and evaluated the reasonableness of the expenses included in the cash flow forecasts.
- We considered the impact of reasonably possible downside changes in the assumptions underlying the cash flow forecasts and assessed the possible mitigating actions identified by management.

Other Information

The Directors are responsible for the Other Information. The Other Information comprises all the information in the annual report of Seamless Green China (Holdings) Limited other than the revised consolidated financial statements and our auditor's report thereon.

Our opinion on the revised consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the revised consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the revised consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the Other Information, we conclude that there is a material misstatement of the Other Information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of Directors for the Revised Consolidated Financial Statements

The Directors are responsible for the preparation of the revised consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of revised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the revised consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the Directors in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Revised Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the revised consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these revised consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the revised consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the revised consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the revised consolidated financial statements, including the disclosures, and whether the revised consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the revised consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the revised consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chan Kong Wang.

RSM Hong Kong

Certified Public Accountants

Hong Kong

18 July 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	Notes	(Revised) (note 34) 2016 HK\$'000	2015 HK\$'000
Revenue	8	12,822	17,621
Cost of sales		(12,367)	(17,019)
Gross profit		455	602
Other income and gains	9	1,170	11,572
Selling and distribution costs		(149)	(83)
Administrative and other operating expenses		(13,353)	(34,716)
Change in fair value of investment property	18	347	(1,364)
Impairment loss on trade receivables	22	(3,768)	–
Impairment loss on other receivables	22(b)	(2,902)	(1,900)
Loss from operations		(18,200)	(25,889)
Share of profits of associates	19	176	91
Finance costs	11	–	(4,875)
Loss before tax	13	(18,024)	(30,673)
Income tax (expense)/credit	12	(114)	378
Loss for the year		(18,138)	(30,295)
Other comprehensive income after tax			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign subsidiaries		(1,678)	(3,793)
Change in fair value of available-for-sale financial assets		(302)	(540)
Share of other comprehensive income of associates	19	(3)	–
Other comprehensive income for the year, net of tax		(1,983)	(4,333)
Total comprehensive income for the year		(20,121)	(34,628)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	<i>Notes</i>	(Revised) (note 34) 2016 HK\$'000	2015 HK\$'000
Loss for the year attributable to:			
Owners of the Company		(18,790)	(30,295)
Non-controlling interests		652	–
		(18,138)	(30,295)
Total comprehensive income attributable to:			
Owners of the Company		(20,773)	(34,628)
Non-controlling interests		652	–
		(20,121)	(34,628)
Loss per share attributable to the owners of the Company			
– Basic	16	HK(1.47) cents	HK(3.08) cents
– Diluted	16	HK(1.47) cents	HK(3.08) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016
(Expressed in Hong Kong dollars)

	Notes	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Property, plant and equipment	17	2,306	2,363
Investment property	18	14,183	14,756
Interests in associates	19	4,903	4,730
Available-for-sale financial assets	20	1,507	1,809
Total non-current assets		22,899	23,658
Current assets			
Inventories	21	291	3,936
Trade and other receivables	22	6,067	17,846
Current tax recoverable		36	–
Cash and cash equivalents	23	35,568	39,316
Total current assets		41,962	61,098
TOTAL ASSETS		64,861	84,756
Current liabilities			
Trade and other payables	24	9,478	12,190
Current tax liabilities		4	4
Promissory notes	26	15,000	15,000
Total current liabilities		24,482	27,194
Net current assets		17,480	33,904
Total assets less current liabilities		40,379	57,562
Non-current liabilities			
Deferred tax liabilities	25	1,039	1,005
NET ASSETS		39,340	56,557
CAPITAL AND RESERVES			
Share capital	27	64,350	63,690
Reserves	30	(24,184)	(5,655)
Equity attributable to owners of the Company		40,166	58,035
Non-controlling interests		(826)	(1,478)
TOTAL EQUITY		39,340	56,557

Approved by the Board of Directors on 18 July 2017 and are signed on its behalf by:

Wong Tat Wa
Director

Leung Po Yee
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	Attributable to owners of the Company								
	Share capital	Share premium	Investment revaluation reserve	Warrant reserve	Exchange reserve (Revised) (note 34)	Share-based payment reserve	Accumulated losses (Revised) (note 34)	Non-controlling interests	Total (Revised) (note 34)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015	35,384	393,519	-	130	164	22,299	(464,825)	(1,478)	(14,807)
Loss for the year	-	-	-	-	-	-	(30,295)	-	(30,295)
Other comprehensive income for the year:									
Exchange difference on translating foreign subsidiaries	-	-	-	-	(3,793)	-	-	-	(3,793)
Change in fair value of available-for-sale financial assets	-	-	(540)	-	-	-	-	-	(540)
Total comprehensive income for the year	-	-	(540)	-	(3,793)	-	(30,295)	-	(34,628)
Recognition of equity-settled share-based payments	-	-	-	-	-	8,492	-	-	8,492
Issuance of shares	28,306	69,194	-	-	-	-	-	-	97,500
Lapse of options	-	-	-	-	-	(16,557)	16,557	-	-
Changes in equity for the year	28,306	69,194	(540)	-	(3,793)	(8,065)	(13,738)	-	71,364
At 31 December 2015 and 1 January 2016	63,690	462,713	(540)	130	(3,629)	14,234	(478,563)	(1,478)	56,557
(Loss)/profit for the year	-	-	-	-	-	-	(18,790)	652	(18,138)
Other comprehensive income for the year:									
Exchange difference on translating foreign subsidiaries	-	-	-	-	(1,678)	-	-	-	(1,678)
Change in fair value of available-for-sale financial assets	-	-	(302)	-	-	-	-	-	(302)
Share of other comprehensive income of associates	-	-	-	-	-	-	(3)	-	(3)
Total comprehensive income for the year	-	-	(302)	-	(1,678)	-	(18,793)	652	(20,121)
Lapse of warrants	-	-	-	(130)	-	-	130	-	-
Issuance of shares through exercise of options	660	3,300	-	-	-	(1,056)	-	-	2,904
Lapse of options	-	-	-	-	-	(1,956)	1,956	-	-
Changes in equity for the year	660	3,300	(302)	(130)	(1,678)	(3,012)	(16,707)	652	(17,217)
At 31 December 2016	64,350	466,013	(842)	-	(5,307)	11,222	(495,270)	(826)	39,340

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	(Revised)	
	<i>(note 34)</i>	
	2016	2015
	HK\$'000	HK\$'000
Cash flows from operating activities		
Loss before tax	(18,024)	(30,673)
Adjustments for:		
Depreciation of property, plant and equipment	463	13,604
Share of profits of associates	(176)	(91)
Change in fair value of investment property	(347)	1,364
Impairment loss on trade receivables	3,768	–
Impairment loss on other receivables	2,902	1,900
Reversal of allowance for other receivables	–	(10,800)
Allowance for inventories	407	2,110
Reversal of allowance for inventories	(1,364)	(1,156)
Imputed interest on promissory notes	–	4,875
Interest income	(1,067)	(471)
Equity-settled share-based payments	–	8,492
Operating loss before working capital changes	(13,438)	(10,846)
– Decrease/(Increase) in inventories	4,647	(2,511)
– Increase in trade and other receivables	(1,293)	(4,428)
– (Decrease)/Increase in trade and other payables	(2,712)	2,047
Cash used in operations	(12,796)	(15,738)
Income tax paid	(15)	(10)
Net cash used in operating activities	(12,811)	(15,748)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	(Revised) (note 34)	
	2016	2015
Note	HK\$'000	HK\$'000
Cash flows from investing activities		
Interest received	1,067	471
Purchases of property, plant and equipment	(612)	(2,099)
Settlement of deposits for potential investment	-	7,000
Settlement of loan receivables	-	3,800
Refund of deposit received for disposals of subsidiaries	-	(7,900)
Net cash generated from investing activities	455	1,272
Cash flows from financing activities		
Redemption of promissory notes	-	(114,211)
Placement of shares	-	97,500
Net proceeds from shares issued in exercise of share options	2,904	-
Net cash generated from/(used in) financing activities	2,904	(16,711)
Net decrease in cash and cash equivalents	(9,452)	(31,187)
Effect of foreign exchange rate changes	5,704	(2,886)
Cash and cash equivalents at 1 January	39,316	73,389
Cash and cash equivalents at 31 December	23 35,568	39,316

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

1. General information

Seamless Green China (Holdings) Limited (the “Company”) was incorporated in the Cayman Islands on 18 January 2001 as an exempted company with limited liability. The issued shares of the Company’s shares have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM”) 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 6/F, Pico Tower, 66 Gloucester Road, Wanchai, Hong Kong respectively.

The Company is an investment holding company. The Group’s principal activities of its subsidiaries are set out in note 35 to the consolidated financial statements.

2. Basis of preparation

Pursuant to the revisions of the consolidated financial statements, as detailed in note 34 to the consolidated financial statements, these revised consolidated financial statements replace the original consolidated financial statements which were approved by the directors on 24 March 2017. The original consolidated financial statements are taken as having been revised by the directors on 24 March 2017 instead of on the date of revisions and accordingly do not deal with events between those two dates.

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

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

Going concern basis

The Group incurred a loss attributable to owners of the Company for both the years ended 31 December 2015 and 2016, of HK\$30,295,000 and HK\$18,790,000 respectively. Notwithstanding this fact, the Directors consider it is appropriate to prepare the revised consolidated financial statements on a going concern basis as the Group is expected to have sufficient financial resources to meet its obligation as they fall due for at least the next twelve months based on its projected cash flow forecasts. The Group’s management has reviewed the financial position of the Group as at 31 December 2016, including its working capital and bank and cash balances, together with the projected cash flow forecasts for the next twelve months and the Directors consider that the Group is financially viable to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

2. Basis of preparation *(continued)*

Going concern basis *(continued)*

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

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

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

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

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2016. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2016. These new and revised HKFRSs include the following which may be relevant to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

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

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

	Effective for accounting periods beginning on or after
Amendments to HKAS 7 Statement of Cash Flows: Disclosure initiative	1 January 2017
Amendments to HKAS 12 Income Taxes: Recognition of deferred tax assets for unrealised losses	1 January 2017
HKFRS 9 Financial Instruments	1 January 2018
Amendments to HKFRS 4 Insurance Contracts: Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to HKFRS 2 Share-based Payment: Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 16 Leases	1 January 2019
Amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates: Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

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

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

HKFRS 9 Financial Instruments

The standard replaces HKAS 39 Financial Instruments: Recognition and Measurement.

The standard introduces a new approach to the classification of financial assets which is based on cash flow characteristics and the business model in which the asset is held. A debt instrument that is held within a business model whose objective is to collect the contractual cash flows and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at amortised cost. A debt instrument that is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling the instruments and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at fair value through other comprehensive income. All other debt instruments are measured at fair value through profit or loss. Equity instruments are generally measured at fair value through profit or loss. However, an entity may make an irrevocable election on an instrument-by-instrument basis to measure equity instruments that are not held for trading at fair value through other comprehensive income.

The requirements for the classification and measurement of financial liabilities are carried forward largely unchanged from HKAS 39 except that when the fair value option is applied changes in fair value attributable to changes in own credit risk are recognised in other comprehensive income unless this creates an accounting mismatch.

HKFRS 9 introduces a new expected-loss impairment model to replace the incurred-loss impairment model in HKAS 39. It is no longer necessary for a credit event or impairment trigger to have occurred before impairment losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income, an entity will generally recognise 12-month expected credit losses. If there has been a significant increase in credit risk since initial recognition, an entity will recognise lifetime expected credit losses. The standard includes a simplified approach for trade receivables to always recognise the lifetime expected credit losses.

The de-recognition requirements in HKAS 39 are carried forward largely unchanged.

HKFRS 9 substantially overhauls the hedge accounting requirements in HKAS 39 to align hedge accounting more closely with risk management and establish a more principle based approach.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

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

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

HKFRS 9 Financial Instruments *(continued)*

The Group's financial assets that are currently classified as available-for-sale include certain listed and unlisted equity securities. The Group expects to irrevocably designate these equity securities as fair value through other comprehensive income. This will give rise to a change in accounting policy. The equity securities are currently measured at fair value with fair value changes recognised in other comprehensive income until disposal or impairment at which point the fair value gains or losses are recycled to profit or loss. Under HKFRS 9 recycling of the fair value gains and losses is not permitted. HKFRS 9 requires fair value measurement with fair value changes recognised in other comprehensive income without recycling.

The new expected credit loss impairment model in HKFRS 9 may result in the earlier recognition of impairment losses on the Group's trade receivables and other financial assets. The Group is unable to quantify the impact until a more detailed assessment is completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 replaces all existing revenue standards and interpretations.

The core principle of the standard is that an entity recognises revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to become entitled in exchange for those goods and services.

An entity recognises revenue in accordance with the core principle by applying a 5-step model:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies a performance obligation

The standard also includes comprehensive disclosure requirements relating to revenue.

HKFRS15 requires an entity to recognise revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to become entitled in exchange for those goods and services and recognises revenue in accordance with the core principle by applying a 5-step model which requires to consider and identify the performance obligations in contract and to determine the transaction price.

The Group estimates that there would not have a material impact on its results of operations and financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

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

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

HKFRS 16 Leases

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

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

As disclosed in note 32 to the consolidated financial statements, the Group's future minimum lease payments under non-cancellable operating leases for its offices, staff quarters and motor vehicle amounted to HK\$1,426,000 as at 31 December 2016. The Group will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in HKFRS 16 and the effects of discounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

4. Significant accounting policies

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investment property and certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRSs 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. The areas involving a higher degree of judgment, complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these revised consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated exchange reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

4. Significant accounting policies *(continued)*

(a) Consolidation *(continued)*

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

4. Significant accounting policies *(continued)*

(b) Business combination and goodwill *(continued)*

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. The Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated exchange reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

4. Significant accounting policies (continued)

(c) Associates (continued)

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

4. Significant accounting policies (continued)

(d) Foreign currency translation (continued)

(ii) Transactions and balances in each entity's financial statements (continued)

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administration purposes are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The useful lives are as follows:

Leasehold improvements	Over the shorter of lease terms or 4 years
Plant and machinery	3 years to 10 years
Furniture, fixtures and equipment	4 years
Motor vehicles	4 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(f) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
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4. Significant accounting policies *(continued)*

(g) Leases

The Group as lessee

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidation statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(j) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. Significant accounting policies *(continued)*

(j) Financial assets *(continued)*

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank balances and cash are classified in this category.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

(k) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(l) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(m) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
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4. Significant accounting policies *(continued)*

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(o) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenues from the sales of manufactured goods and trading of raw materials are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

(r) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
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4. Significant accounting policies *(continued)*

(r) Employee benefits

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

(s) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
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4. Significant accounting policies *(continued)*

(u) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
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4. Significant accounting policies *(continued)*

(u) Taxation *(continued)*

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

PRC land appreciation tax (“LAT”)

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures. LAT is recognised as an income tax expense. LAT paid is a deductible expense for PRC enterprise income tax purposes.

(v) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

4. Significant accounting policies *(continued)*

(w) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets (other than those at fair value through profit or loss) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered also to be objective evidence of impairment.

In addition, for trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

(x) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
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4. Significant accounting policies *(continued)*

(y) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. Critical judgments and key estimates

Critical judgments in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgments that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Going concern basis

These financial statements have been prepared on a going concern basis, the validity of which depends upon certain measures taken by the Directors to improve the Group's financial position, immediate liquidity, cash flows, profitability and operations as explained in note 2 to the consolidated financial statements.

(b) Deferred tax for investment property

For the purposes of measuring deferred tax for investment property that is measured using the fair value model, the Directors have reviewed the Group's investment property and concluded that the Group's investment property is not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment property, the Directors have adopted the presumption that investment property measured using the fair value model is recovered through sale.

(c) Available-for-sale financial assets with 20% equity interest

Although the Group holds 20% of the voting power of Central Tech Asia Limited ("Central Tech"), the Directors considered that the Group has no representation on the Board of Directors of Central Tech and has no participation in its financial and operating policy-making processes.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment on interests in associates and available-for-sale financial assets

The Group carried out review on impairment on interests in associates and available-for-sale financial assets individually as a single asset by comparing their recoverable amounts (higher of value-in-use and fair value less cost of disposal) with their respective carrying amounts. The review led to the recognition of accumulated impairment losses on interests in associates and available-for-sale financial assets of HK\$127,473,000 (2015: HK\$127,473,000) and HK\$81,136,000 (2015: HK\$80,834,000) as at 31 December 2016 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5. Critical judgments and key estimates *(continued)*

Key sources of estimation uncertainty *(continued)*

(b) Fair values of investment property

The Group appointed an independent professional valuer to assess the fair value of the investment property. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates. The Directors have exercised their judgment and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

The carrying amount of investment property as at 31 December 2016 was HK\$14,183,000 (2015: HK\$14,756,000).

(c) Property, plant and equipment, depreciation and impairment

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

The carrying amount of property, plant and equipment as at 31 December 2016 was HK\$2,306,000 (2015: HK\$2,363,000).

(d) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, HK\$114,000 was charged to profit or loss (2015: \$378,000 of income tax was credited to profit or loss).

(e) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts, in particular of a loss event requires the use of judgment and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

As at 31 December 2016, accumulated impairment loss for bad and doubtful debts amounted to HK\$13,094,000 (revised, note 34) (2015: HK\$6,424,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
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5. Critical judgments and key estimates *(continued)*

Key sources of estimation uncertainty *(continued)*

(f) **Net realisable value of inventories**

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on current market conditions and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer's taste and competitor's actions in response to severe industry cycles. The Group will reassess the estimates by the end of each reporting period.

6. Financial risk management

The Group's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) **Foreign currency risk**

The Group has certain exposure to foreign currency risk as certain of its business transactions, assets and liabilities are denominated in currencies other than their functional currencies of the Group entities, including HKD, USD, Great British pound ("GBP") and RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2016, if the HKD had weakened/strengthened 5% per cent against RMB with all other variables held constant, consolidated loss after tax for the year would have been HK\$83,000 (2015: HK\$14,200) higher/lower, arising mainly as a result of the foreign exchange gain/loss on bank balances denominated in HK\$.

At 31 December 2016, if the USD had weakened/strengthened 5% per cent against RMB with all other variables held constant, consolidated loss after tax for the year would have been HK\$50,000 (2015: HK\$109,000) higher/lower, arising mainly as a result of the foreign exchange loss/gain on bank balances denominated in USD.

At 31 December 2016, if the GBP had weakened/strengthened 5% per cent against HK\$ with all other variables held constant, consolidated loss after tax for the year would have been HK\$62,000 (2015: HK\$75,000) higher/lower, arising mainly as a result of the foreign exchange loss/gain on available-for-sale financial assets denominated in GBP.

(b) **Interest rate risk**

The Group has no significant interest-bearing financial assets and liabilities with a floating interest rate. The Group's results and operating cash flows are substantially independent of changes in market interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. Financial risk management *(continued)*

(c) Price risk

The Group's available-for-sale financial assets are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The Group's equity price risk is mainly concentrated on equity securities quoted on the London Stock Exchange.

At 31 December 2016, if the share price of the investment increase/decrease by 10%, the other comprehensive income for the year would have been HK\$150,000 (2015: HK\$181,000) higher/lower, arising as a result of the fair value gain/loss of the investment.

(d) Credit risk

As at 31 December 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the majority of the counterparties are reputable banks or banks with high credit-ratings. Loans receivables from associates are closely monitored by the Directors.

Credit risk is concentrated as 55.30% (2015: 94.8%) of the total trade receivables are due from the Group's five largest customers. However, the management considers, based on the strong financial background and good creditability of those debtors, there are no significant credit risks.

(e) Liquidity risk

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 as a significant source of liquidity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016
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6. Financial risk management (continued)

(e) Liquidity risk (continued)

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	On demand or less than 1 year HK\$'000	More than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount at 31 December 2016 HK\$'000
2016				
Non-derivative financial liabilities				
Promissory notes	15,000	–	15,000	15,000
Trade and other payables	9,478	–	9,478	9,478
	24,478	–	24,478	24,478
<hr/>				
	On demand or less than 1 year HK\$'000	More than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount at 31 December 2015 HK\$'000
2015				
Non-derivative financial liabilities				
Promissory notes	15,000	–	15,000	15,000
Trade and other payables	12,190	–	12,190	12,190
	27,190	–	27,190	27,190

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. Financial risk management *(continued)*

(f) Categories of financial instruments as at 31 December 2016

	2016 HK\$'000	2015 HK\$'000
Financial assets		
Available-for-sale financial assets	1,507	1,809
Trade and other receivables	5,840	14,551
Cash and cash equivalents	35,568	39,316
	42,915	55,676
Financial liabilities		
Trade and other payables	9,478	12,190
Promissory notes	15,000	15,000
	24,478	27,190

Except as disclosed in note 7 to the consolidated financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

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7. Fair value measurements *(continued)*

(a) Disclosures of level in fair value hierarchy at 31 December 2016

Description	Fair value measurements using							
	2016				2015			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements:								
Financial assets								
Available-for-sale financial assets								
Listed equity securities	1,507	-	-	1,507	1,809	-	-	1,809
Investment property								
Residential unit – PRC	-	14,183	-	14,183	-	14,756	-	14,756
Total	1,507	14,183	-	15,690	1,809	14,756	-	16,565

The investment property was measured at Level 2, and there were no transfer between Level 1, Level 2 and Level 3 during the year.

During the two years, there were no changes in the valuation techniques used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7. Fair value measurements *(continued)*

(b) **Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2016**

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes. The financial controller reports directly to the Board for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board at least once a year.

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value			
			2016		2015	
			HK\$'000		HK\$'000	
			Assets	Liabilities	Assets	Liabilities
Residential units located in the PRC	Market Approach	Price per square metre, using relevant market comparables and taking into account of adjustments on nature of transaction, building age and size	14,183	-	14,756	-

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8. Revenue

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

9. Other income and gains

	2016 HK\$'000	2015 HK\$'000
Bank interest income	1,067	471
Reversal of allowance for other receivables	-	10,800
Others	103	301
	1,170	11,572

10. Segment information

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

- (a) The synthetic sapphire watch crystals segment ("Sapphire") is a supplier of watch crystals mainly for use in the manufacturing of watch products;
- (b) The optoelectronic products segment ("Optoelectronic") is a supplier of optoelectronic products for use in the watch products;
- (c) The liquor products segment ("Liquor") is engaged in trading of wine; and
- (d) The LED lighting products segment ("LED") is engaged in manufacturing and trading of LED lighting products.

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

Segment revenue represents revenue generated from external customers. There were no inter-segment sales in the year (2015: Nil).

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10. Segment information (continued)

The accounting policies of the operating segments are the same as those described in note 4 to the revised consolidated financial statements. Reportable segment results represent the profit or loss resulted by each segment and do not include bank interest income, change in fair value of investment property, impairment loss on other receivables, reversal of allowance for other receivables, share of profits of associates, interest on promissory notes and unallocated corporate expenses.

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

(a) Segment revenue and results

	Sapphire	Optoelectronic (Revised) <i>(note 34)</i>	Liquor	LED	Total for reportable segments (Revised) <i>(note 34)</i>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2016					
Revenue from external customers	-	971	4,636	7,215	12,822
Segment results	(328)	(2,748)	1,347	(4,955)	(6,684)
Year ended 31 December 2015					
Revenue from external customers	-	3,657	-	13,964	17,621
Segment results	(2,448)	(550)	(32)	(12,443)	(15,473)
			2016 (Revised) <i>(note 34)</i> HK\$'000		2015 HK\$'000
Reconciliation:					
Total profit or loss of reportable segments			(6,684)		(15,473)
Unallocated amounts:					
Unallocated corporate income			26		502
Bank interest income			-		6
Change in fair value of investment property			347		(1,364)
Impairment loss on other receivables			(1,104)		(1,900)
Reversal of allowance for other receivables			-		10,800
Share of profits of associates			176		91
Interest on promissory notes			-		(4,875)
Unallocated corporate expenses					
- staff costs			(2,829)		(11,055)
- others			(7,956)		(7,405)
Consolidated loss before tax			(18,024)		(30,673)

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10. Segment information (continued)

(b) Segment assets and liabilities

	Sapphire HK\$'000	Optoelectronic HK\$'000	Liquor HK\$'000	LED HK\$'000	Total for reportable segments HK\$'000
At 31 December 2016					
Segment assets	-	90	-	41,132	41,222
Segment liabilities	(2,349)	(1,273)	(22)	(2,542)	(6,186)
At 31 December 2015					
Segment assets	538	1,785	3,273	53,573	59,169
Segment liabilities	(5,197)	(1,494)	-	(4,414)	(11,105)
			2016		2015
			HK\$'000		HK\$'000
Reconciliation:					
Total assets of reportable segments			41,222		59,169
Unallocated assets					
– Investment property			14,183		14,756
– Interests in associates			4,903		4,730
– Available-for-sale financial assets			1,507		1,809
– Bank and cash balances			976		795
– Others			2,070		3,497
Consolidated total assets			64,861		84,756
Total liabilities of reportable segments			(6,186)		(11,105)
Unallocated liabilities					
– Promissory notes			(15,000)		(15,000)
– Current tax liabilities			(4)		(4)
– Deferred tax liabilities			(1,039)		(1,005)
– Others			(3,292)		(1,085)
Consolidated total liabilities			(25,521)		(28,199)

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10. Segment information *(continued)*

(c) Other segment information

For the year ended 31 December 2016:

	Sapphire	Optoelectronic (Revised) <i>(note 34)</i>	Liquor	LED	Unallocated	Total (Revised) <i>(note 34)</i>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital expenditure	-	-	-	580	32	612
Interest income	-	-	-	1,066	1	1,067
Interest expenses	-	-	-	-	-	-
Depreciation	312	-	-	124	27	463
Income tax expense	-	-	-	15	99	114
Impairment losses on trade and other receivables	-	458	-	5,108	1,104	6,670

For the year ended 31 December 2015:

Capital expenditure	-	6	-	1,984	109	2,099
Interest income	-	1	-	464	6	471
Interest expenses	-	-	-	-	4,875	4,875
Depreciation	312	8	-	12,540	744	13,604
Income tax expense/(credit)	-	-	-	10	(388)	(378)
Impairment losses on trade and other receivables	-	-	-	-	1,900	1,900

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10. Segment information *(continued)*

(d) Geographical information

The Group's operations are mainly located in Hong Kong and the PRC.

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

	Revenues from external customers		Non-current assets	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	3,455	1,566	500	417
PRC	2,646	9,284	20,892	21,432
Macau	3,552	–	–	–
South America	1,092	–	–	–
Philippines	2,077	6,771	–	–
	12,822	17,621	21,392	21,849

(e) Information about major customers

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

	2016	2015
	HK\$'000	HK\$'000
Customer A	3,552	–
Customer B	2,190	1,566
Customer C	2,078	6,771
	7,820	8,337

Save as disclosed above, there was no other single customer contributing over 10% total revenue of the Group for the year ended 31 December 2016.

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11. Finance costs

	2016 HK\$'000	2015 HK\$'000
Interest on promissory notes	–	4,875

12. Income tax expense/(credit)

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

	2016 HK\$'000	2015 HK\$'000
Provision for current income tax		
– PRC Enterprise Income Tax	15	10
Deferred tax (Note 25)	99	(388)
	114	(378)

No provision for Hong Kong Profits Tax has been provided in the revised consolidated financial statements as there was no estimated assessable profit for the year ended 31 December 2016 (2015: Nil).

PRC Enterprise Income Tax is calculated at 25% (2015: 25%).

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For the year ended 31 December 2016
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12. Income tax expense/(credit) (continued)

(b) The reconciliation between the income tax expense/(credit) and the product of loss before tax multiplied by the Hong Kong profits tax rate is as:

	2016	2015
	(Revised)	
	<i>(note 34)</i>	
	HK\$'000	HK\$'000
Loss before tax	(18,024)	(30,673)
Tax at 16.5% (2015: 16.5%)	(2,974)	(5,061)
Tax effect of non-taxable income	(246)	(2,050)
Tax effect of non-deductible expenses	3,538	4,538
Tax effect of temporary differences not recognised	(1)	(12)
Tax effect of utilisation of tax losses not previously recognised	(41)	(61)
Tax effect of different tax rate of subsidiaries	(610)	(138)
Tax loss not recognised	535	2,412
Under-provision in current year	(87)	(6)
Income tax expense/(credit)	114	(378)

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*For the year ended 31 December 2016
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13. Loss before tax

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

	2016	2015
	HK\$'000	HK\$'000
Depreciation	463	13,604
Impairment losses on		
– Trade receivables	3,768	–
– Other receivables (revised, <i>note 34</i>)	2,902	1,900
Cost of inventories	12,367	17,019
Allowance for inventories (included in administrative and other operating expenses)	407	2,110
Reversal of allowance for other receivables	–	(10,800)
Reversal of allowance for inventories (included in administrative and other operating expenses, 2015: included in cost of inventories)	(1,364)	(1,156)
Operating leases charges:		
– Buildings	1,609	1,159
– Motor vehicle	17	–
Auditor's remuneration		
– Current year	635	600
– Under-provision for prior year	77	–
Foreign exchange loss/(gain)	621	(1,791)
Other equity-settled share-based payments	–	8,492

Cost of inventories sold includes staff costs, depreciation and operating lease charges of HK\$592,000 (2015:HK\$599,000) and reversal of allowance for inventories of Nil (2015:HK\$1,156,000) which are included in the amounts disclosed separately above.

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14. Employee benefits expense

Retirement scheme contributions

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries subject to a monthly maximum amount of HK\$1,500 (2015: HK\$1,500) per employee and vest fully with employees when contributed into the MPF Scheme.

The Group's PRC employees are members of a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the central pension scheme is to meet the required contributions under the scheme.

There was no forfeited contributions (2015: Nil) available at the end of the reporting period to reduce future contributions.

	2016	2015
	HK\$'000	HK\$'000
Employee benefits expense:		
Salaries, bonuses and allowances	5,698	3,717
Retirement benefit scheme contributions	206	215
	5,904	3,932

Five highest paid individuals

The five highest paid individuals in the Group during the year included four (2015: four) Directors whose emoluments are reflected in the analysis presented in note 15. The emoluments of the remaining one (2015: one) individual are set out below:

	2016	2015
	HK\$'000	HK\$'000
Basic salaries and allowances	311	286
Retirement benefit scheme contributions	16	14
	327	300

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For the year ended 31 December 2016
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14. Employee benefits expense (continued)

The emoluments fell within the following band:

	Number of individuals	
	2016	2015
Nil to HK\$1,000,000	1	1

15. Benefits and interests of Directors

(a) Directors' emoluments

The remuneration of every Director is set out below:

	Fee HK\$'000	Salaries HK\$'000	Discretionary bonus HK\$'000	Share- based payments HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
Executive Directors						
Mr. Wong Kin Hong	240	-	-	-	-	240
Mr. Huang Yonghua	144	183	-	-	-	327
Mr. Wong Tat Wa	144	390	-	-	-	534
Ms. Leung Po Yee	144	390	-	-	18	552
Mr. Gao Hong (Note 1)	77	-	-	-	-	77
Mr. Li Zhi Qiang (Note 2)	76	-	-	-	-	76
Mr. Thomas Ng Cheng Kiong (Note 3)	25	-	-	-	-	25
	850	963	-	-	18	1,831
Independent Non-executive Directors						
Mr. Yan Guoniu	120	-	-	-	-	120
Mr. Tang Rong Gang	120	-	-	-	-	120
Mr. Ou Wei An	120	-	-	-	-	120
Mr. Ng Yu Ho, Steve	120	-	-	-	-	120
	480	-	-	-	-	480
Total for 2016	1,330	963	-	-	18	2,311

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15. Benefits and interests of Directors (continued)

(a) Directors' emoluments (continued)

	Fee HK\$'000	Salaries HK\$'000	Discretionary bonus HK\$'000	Share- based payments HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
Executive Directors						
Mr. Wong Kin Hong	260	-	-	-	-	260
Mr. Huang Yonghua	156	191	-	-	-	347
Mr. Wong Tat Wa	156	354	-	-	-	510
Ms. Leung Po Yee	156	354	-	-	18	528
Mr. Thomas Ng Cheng Kiong (Note 3)	156	-	-	-	-	156
Mr. Leung Hoi (Note 4)	50	-	-	-	-	50
	934	899	-	-	18	1,851
Independent Non-executive Directors						
Mr. Yan Guoniu	130	-	-	-	-	130
Mr. Tang Rong Gang	130	-	-	-	-	130
Mr. Ou Wei An	130	-	-	-	-	130
Mr. Ng Yu Ho, Steve	130	-	-	-	-	130
	520	-	-	-	-	520
Total for 2015	1,454	899	-	-	18	2,371

Notes:

- Mr. Gao Hong was appointed on 18 June 2016.
- Mr. Li Zhi Qiang was appointed on 22 June 2016.
- Mr. Thomas Ng Cheng Kiong resigned on 3 March 2016.
- Mr. Leung Hoi resigned on 5 May 2015.

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15. Benefits and interests of Directors *(continued)*

(a) Directors' emoluments *(continued)*

The remunerations of Directors of the Company fall into the following bands:

	No. of Directors 2016	No. of Directors 2015
HK\$Nil – HK\$1,000,000	11	10
	11	10

None of the Directors waived any remuneration during the year ended 31 December 2016 (2015: Nil).

During the year ended 31 December 2016, there was no emoluments have been paid to the Directors as an inducement to join or upon joining the Group; or as compensation for loss of office (2015: Nil).

(b) Directors' material interests in transactions, arrangements or contracts

There were no significant transactions, arrangements and contracts to which the Company was a party and in which a Director and other Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

16. Loss per share

The basic loss per share is calculated based on the loss attributable to the owners of the Company of HK\$18,790,000 (as revised) (2015: HK\$30,295,000) and the weighted average number of 1,274,419,159 shares (2015: 984,134,912 shares) in issue during the year.

The effect of the Revisions (note 34) on loss per share is summarised below:

	2016 (as previously reported)	Adjustment	2016 (as revised)
Basic loss per share	HK(2.01 cents)	HK0.54 cents	HK(1.47 cents)

Diluted loss per share for the year ended 31 December 2016 was same as the basic loss per share as the potential shares arising from the exercise of the Company's share options would decrease the loss per share of the Group for the Year and is regarded as anti-dilutive.

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17. Property, plant and equipment

	Leasehold improve- ments HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Total HK\$'000
At cost:				
At 1 January 2015	19	48,924	489	49,432
Additions	–	1,943	156	2,099
Exchange realignment	–	(1,224)	(13)	(1,237)
At 31 December 2015 and at 1 January 2016	19	49,643	632	50,294
Additions	424	156	32	612
Exchange realignment	(15)	(194)	(14)	(223)
At 31 December 2016	428	49,605	650	50,683
Accumulated depreciation and impairment:				
At 1 January 2015	19	34,978	484	35,481
Charge for the year	–	13,599	5	13,604
Exchange realignment	–	(1,143)	(11)	(1,154)
At 31 December 2015 and at 1 January 2016	19	47,434	478	47,931
Charge for the year	32	400	31	463
Exchange realignment	(1)	(5)	(11)	(17)
At 31 December 2016	50	47,829	498	48,377
Net carrying amount:				
At 31 December 2016	378	1,776	152	2,306
At 31 December 2015	–	2,209	154	2,363

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18. Investment property

	2016	2015
	HK\$'000	HK\$'000
At 1 January	14,756	17,010
Fair value gain/(loss) on investment property	347	(1,364)
Exchange differences	(920)	(890)
At 31 December	14,183	14,756

Investment property was revalued at 31 December 2016 and 2015 by Ascent Partner Valuation Service Limited, an independent professional valuer.

Valuation for investment property was derived using the market comparable approach based on the recent market prices as at 31 December 2016 without significant adjustment being made to the market observable data.

19. Interests in associates

	2016	2015
	HK\$'000	HK\$'000
Share of net assets, unlisted investment		
At 1 January	4,730	4,639
Shares of post-acquisition profit and other comprehensive income, net of dividend received	173	91
Impairment losses	-	-
At 31 December	4,903	4,730

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19. Interests in associates (continued)

Details of the Group's associates at 31 December 2016 are as follows:

Name of company	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Group		Principal activities
			Direct	Indirect	
Great Steer Group					
Great Steer Limited	BVI	US\$10,000	20%	–	Investment holding
Double All Limited	Hong Kong	HK\$1	–	20%	Investment holding
上海景媒媒體技術有限公司	PRC	RMB500,000	–	20%	Selling air time on installed big LED information broadcasting system
Neo Partner Group					
Neo Partner Investments Limited	BVI	US\$100	28%	–	Investment holding
Harvest View (China) Limited	Hong Kong	HK\$100	–	28%	Distribution of care watch smart series products
Full Pace Group					
Full Pace Holdings Limited	BVI	US\$100	45%	–	Investment holding
TDI Transportation Displays International Limited	Hong Kong	HK\$250,000	–	45%	Provision of multimedia technical consultancy service

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19. Interests in associates (continued)

The following table shows information on the associate that is material to the Group. This associate is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRSs unaudited financial statements of the associate.

Name	Full Pace Group	
	2016	2015
Principal place of business	PRC	
% of ownership interests/voting rights held by the Group	45%/45%	45%/45%
	HK\$'000	HK\$'000
At 31 December:		
Non-current assets	2,519	3,153
Current assets	13,621	12,136
Current liabilities	(3,067)	(2,599)
Net assets	13,073	12,690
Group's share of net assets	5,883	5,710
Goodwill	42,020	42,020
Impairment loss	(43,000)	(43,000)
Group's share of carrying amount of interests	4,903	4,730
Year ended 31 December:		
Revenue	3,465	3,255
Profit from operations	392	201
Other comprehensive income	(8)	–
Total comprehensive income	384	201
Dividends received from associate	–	–

The Group has not recognised loss for the year amounting to HK\$434,000 (2015: HK\$1,440,000) for the associates. The accumulated losses not recognised were HK\$788,000 (2015: HK\$1,440,000).

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20. Available-for-sale financial assets

	2016 HK\$'000	2015 HK\$'000
Listed investment, at fair value		
Equity securities listed outside Hong Kong	2,349	2,349
Change in fair value charged to reserve	(842)	(540)
Market value of listed securities	1,507	1,809
Unlisted equity securities, at cost		
Cost	68,000	68,000
Impairment losses	(68,000)	(68,000)
	1,507	1,809

The fair values of listed securities are based on current bid prices.

Unlisted equity securities with carrying amount of Nil (2015: Nil) were carried at cost as they do not have a quoted market price in an active market and their fair value cannot be reliably measured.

Available-for-sale financial assets are denominated in the following currency:

	2016 HK\$'000	2015 HK\$'000
GBP	1,507	1,809

21. Inventories

	2016 HK\$'000	2015 HK\$'000
Raw materials	280	96
Finished goods	11	3,840
	291	3,936

As at 31 December 2016, the amount of allowance reversed during the year was HK\$1,364,000 (2015: HK\$1,156,000) as the inventories which previously impaired were sold in current year.

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22. Trade and other receivables

	2016	2015
	HK\$'000	HK\$'000
Trade receivables	4,970	9,373
Allowance for doubtful debts	(3,635)	–
	1,335	9,373
Loan receivables <i>(Note (a))</i>	2,006	2,006
Other receivables <i>(Note (b))</i>	447	2,920
Prepayments and deposits <i>(Note (b))</i>	2,279	3,547
	6,067	17,846

Notes:

- (a) As at 31 December 2016 and 2015, loan receivables comprise:
- (i) the Group granted a loan to Neo Partner Group of HK\$5,000,000 which is unsecured, 2% interest per annum and receivable on demand. Impairment loss on loan to Neo Partner Group amounted to HK\$5,000,000 (2015: HK\$5,000,000) was made as at 31 December 2016; and
 - (ii) the Group granted a loan to Full Pace Group of HK\$2,006,000, which is unsecured, interest free and receivable on demand.
- (b) As at 31 December 2016, an allowance was made for estimated irrecoverable other receivables of HK\$4,326,000 (revised, note 34) (2015: HK\$1,424,000). The amount of allowance reversed during the year was Nil (2015: HK\$10,800,000) upon receipt of settlements and bad debts written off of Nil (2015: HK\$193,000) was made in current year.

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22. Trade and other receivables (continued)

The Group's terms on credit sales primarily ranged from 30 to 90 days (2015: 30 to 90 days). The aging analysis of the trade receivables (net of allowance for doubtful debts) at the end of the reporting period, based on the invoice date, is as follows:

	2016 HK\$'000	2015 HK\$'000
0 – 30 Days	363	1,593
31 – 60 Days	–	2,984
61 – 90 Days	873	2,648
Over 90 Days	99	2,148
	1,335	9,373

Reconciliation of in allowance for doubtful debts for trade receivables:

	2016 HK\$'000	2015 HK\$'000
At 1 January	–	–
Allowance for the year	3,768	–
Exchange differences	(133)	–
At 31 December	3,635	–

As of 31 December 2016, trade receivables of HK\$236,000 (2015: HK\$2,148,000) were past due but not impaired. These relate to a number of diversified and independent customers for whom there was no recent history of default. The aging analysis of these receivables is as follows:

	2016 HK\$'000	2015 HK\$'000
Past due but not impaired:		
– Less than 1 month	–	–
– 1 to 3 months	47	1,490
– Over 3 months	189	658
	236	2,148

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22. Trade and other receivables (continued)

The carrying amount of the Group's trade receivables is denominated in the following currencies:

	2016 HK\$'000	2015 HK\$'000
USD	738	5,211
RMB	597	4,162
Total	1,335	9,373

23. Cash and cash equivalents

	2016 HK\$'000	2015 HK\$'000
Bank and cash balances	21,050	13,121
Short-term investments	14,518	26,195
Total	35,568	39,316

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	2016 HK\$'000	2015 HK\$'000
HK\$	3,303	5,771
RMB	31,475	30,652
USD	790	2,893
Total	35,568	39,316

As at 31 December 2016, the cash and cash equivalents of the Group denominated in RMB amounted to HK\$31,475,000 (2015: HK\$30,652,000), conversion of RMB into foreign currencies is subject the PRC's Foreign Exchange Control Regulation and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

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24. Trade and other payables

	2016 HK\$'000	2015 HK\$'000
Trade payables	1,700	4,263
Other payables and accrued charges	7,778	7,927
	9,478	12,190

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

	2016 HK\$'000	2015 HK\$'000
0 – 30 Days	1,585	4,183
31 – 60 Days	4	–
61 – 90 Days	–	79
Over 90 Days	111	1
	1,700	4,263

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

The carrying amount of the Group's trade payables is denominated in the following currencies:

	2016 HK\$'000	2015 HK\$'000
HKD	179	–
USD	20	–
RMB	1,501	4,263
Total	1,700	4,263

25. Deferred tax liabilities

	Revaluation of investment property HK\$'000
At 1 January 2015	1,459
Credit to profit or loss for the year (Note 12)	(388)
Exchange realignment	(66)
At 31 December 2015	1,005
Charge to profit or loss for the year (Note 12)	99
Exchange realignment	(65)
At 31 December 2016	1,039

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25. Deferred tax liabilities (continued)

At 31 December 2016, the Group has unused tax losses of approximately HK\$80,657,000 (2015: HK\$115,006,000) available for offset against future profits. The tax losses of HK\$3,499,000 (2015: HK\$661,000) will expire within 2020 and HK\$77,158,000 (2015: 114,344,000) can be carried forward indefinitely under current tax legislation. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

At 31 December 2016, no deferred tax asset has been recognised in relation to the deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised (2015: Nil).

26. Promissory notes

	2016 HK\$'000	2015 HK\$'000
At 1 January	15,000	124,336
Repayment	–	(114,211)
Interest charge	–	4,875
At 31 December	15,000	15,000

Promissory note for acquisition of Great Steer Limited (the “Promissory Note 1”)

On 23 November 2012, the Company issued Promissory Note 1 for aggregate principal amounts of HK\$71,000,000 for acquisition of 20% equity interests in Great Steer Limited. The Promissory Note 1 is interest free and due 3 years after the date of issue. The fair value of the Promissory Note 1 was HK\$55,794,000 as at the issue date, calculated at the effective interest rate of 8.366% per annum.

During the year ended 31 December 2012, Promissory Note 1 at amortised cost of HK\$9,733,000 was early repaid by cash at nominal value of HK\$13,000,000. During the year ended 31 December 2015, the Company further repaid HK\$43,000,000 on maturity. The remaining balance of HK\$15,000,000 has not yet repaid as at 31 December 2016.

Promissory note for acquisition of Neo Partner Investments Limited (the “Promissory Note 2”)

On 23 January 2013, the Company issued Promissory Note 2 for aggregate principal amounts of HK\$18,800,000 for acquisition of 28% equity interests in Neo Partner Investments Limited. The Promissory Note 2 was interest bearing at 2% per annum and due 2 years after the date of issue.

The fair value of Promissory Note 2 was HK\$15,882,000 as at the date of issuance, calculated at the effective interest rate of 10.954% per annum. During the year ended 31 December 2015, Promissory Note 2 was fully repaid on its maturity date.

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26. Promissory notes *(continued)*

Promissory note for acquisition of Full Pace Holdings Limited (the “Promissory Note 3”)

On 20 March 2013, the Company issued Promissory Note 3 for aggregate principal amounts of HK\$50,000,000 for acquisition of 45% equity interests in Full Pace Holdings Limited. The Promissory Note 3 was interest bearing at 2% per annum and due 2 years after the date of issuance.

The fair value of the Promissory Note 3 was HK\$42,587,000 as at the date of issuance, calculated at the effective interest rate of 10.500% per annum. During the year ended 31 December 2015, Promissory Note 3 was fully repaid on its maturity date.

27. Share capital

	Number of share		Share capital	
	2016 '000	2015 '000	2016 HK\$'000	2015 HK\$'000
<i>Authorised:</i>				
Ordinary shares of HK\$0.05 (2015: HK\$0.05) each	20,000,000	20,000,000	1,000,000	1,000,000
<i>Issued and fully paid:</i>				
At the beginning of year	1,273,806	707,671	63,690	35,384
Issuance of shares through exercise of options <i>(Note a)</i>	13,200	–	660	–
Issuance of new shares <i>(Note b)</i>	–	353,835	–	17,691
Placing of shares <i>(Note c)</i>	–	212,300	–	10,615
At the end of the year	1,287,006	1,273,806	64,350	63,690

Notes:

- (a) During the year ended 31 December 2016, 13,200,000 share options were exercised in December 2016 at exercise price of HK\$0.22 per ordinary share, resulting in the issuance of 13,200,000 ordinary shares of HK\$0.05 each.
- (b) On 8 April 2015, the Company announced that it proposed to raise not less than approximately HK\$71,829,000 and not more than approximately HK\$75,812,000 (before expenses) by way of an open offer involving the issue of not less than 353,835,348 offer shares and not more than 373,460,348 offer shares, respectively, at the subscription price of HK\$0.203 per offer share on the basis of one (1) offer share for every two (2) existing shares held on 28 April 2015 and payable in full on application. The open offer was completed in June 2015 and 353,835,348 offer shares were issued accordingly and net proceeds of approximately HK\$70.6 million were arising. The net proceeds were used to strengthen the Group's financial position and to increase the capital base of the Company for future investment purposes.
- (c) During the year ended 31 December 2015, the Company appointed a placing agent for subscribing up to an aggregate of 212,300,000 placing shares at HK\$0.128 per placing share. The placing were fully subscribed and completed in September 2015.

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For the year ended 31 December 2016
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27. Share capital (continued)

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 shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the directors of the Company may adjust the dividend payment to shareholders, return capital to shareholders and issue of new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt includes trade payables, other payables and accruals and promissory notes, less cash and cash equivalents. Capital includes equity attributable to the owners of the Company. The gearing ratios as at the end of the reporting periods were as follows:

	2016 HK\$'000	2015 HK\$'000
Trade and other payables	9,478	12,190
Promissory notes	15,000	15,000
Less: Cash and cash equivalents	(35,568)	(39,316)
Net debt	(11,090)	(12,126)
Equity attributable to the owners of the Company	40,166	58,035
Capital and net debt	29,076	45,909
Gearing ratio	(38.1%)	(26.4%)

The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year.

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28. Share option scheme

The Company operates a share option scheme (the “Scheme”), which was adopted by the Company on 8 March 2011 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the Company’s Directors, including independent non-executive Directors, employees, whether full-time or part-time, of the Group or any Invested Entity (as defined in the Scheme), suppliers of goods or services to the Group or any Invested Entity, customers of the Group or any Invested Entity, person or entity that provides research, development or other technological support to the Group or any Invested Entity, and any shareholder of any member of the Group or any Invested Entity or holder of securities issued by any member of the Group or any Invested Entity.

Under the Scheme, the Board of Directors of the Company may grant options to eligible employees (including any executive, non-executive and independent non-executive Directors), supplier, customer, shareholder and adviser or consultant of any members of the Group and any person or entity that provides research, development or other technological support to any members of the Group. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme shall not in aggregate exceed 10% of the total number of shares of the Company in issue on the adoption date of the Scheme. The maximum number of shares of the Company in respect of which share options may be granted under the Scheme and any other schemes of the Company must not, in aggregate, exceed 30% of the total number of shares in issue from time to time. The total number of shares to be issued upon exercise of the options granted to each eligible person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue. The exercise price (subscription price) shall be such price as determined by the Board in its absolute discretion at the time of the making of the offer but in any case the exercise price shall not be lower than the highest of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheets on the offer date; (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share.

The options were granted at a consideration of HK\$1 each. As at 31 December 2016, options to subscribe for a total of 98,093,940 (FY2015: 113,415,152) option shares are still outstanding under the Scheme which represents approximately 7.6% (FY2015: 8.9%) of the issued ordinary shares of the Company. The options outstanding at the end of the year have a weighted average remaining contractual life of 8 years (2015: 9 years).

The Scheme shall be valid and effective for a period of 10 years commencing from the date the Company adopted the scheme.

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For the year ended 31 December 2016
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28. Share option scheme (continued)

Details of the specific categories of options are as follows:

	Date of grant	Exercise period	Exercise price HK\$	Adjusted exercise price (Note) HK\$
Employees and consultants				
2011	24/3/2011	24/3/2011 – 23/3/2021	1.450	N/A
2013	19/11/2013	19/11/2013 – 18/11/2023	1.594	1.503
2014	29/1/2014	29/1/2014 – 28/1/2024	1.160	1.094
2015	13/7/2015	13/7/2015 – 12/7/2025	0.220	N/A
Former Directors				
2013	19/11/2013	19/11/2013 – 18/11/2023	1.594	1.503

Remarks: The options are fully vested as of the date of grant.

Details of the movement of share options during the year are as follows:

	2016		2015	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the year	113,415,152	0.302	26,250,000	1.434
Granted during the year	–	–	106,150,000	0.220
Exercised during the year (Note (a))	(13,200,000)	0.22	–	–
Adjusted during the year (Note (b))	–	–	1,590,910	1.352
Lapsed during the year	(2,121,212)	1.503	(20,575,758)	1.299
Outstanding at the end of the year	98,093,940	0.287	113,415,152	0.302
Exercisable at the end of the year	98,093,940	0.287	113,415,152	0.302

Notes:

- (a) The weighted average share price at the date of exercise for share options exercised during the year was HK\$0.26.
- (b) During the year ended 31 December 2015, the Company made an open offer and accordingly, the exercise price and the number of shares to be allotted and issued upon full exercise of the subscription rights under the share options granted prior to the open offer, were adjusted pursuant to the terms of the Scheme.

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28. Share option scheme (continued)

On 13 July 2015, a total of 106,150,000 share options were granted under the Scheme. The estimated fair value of the share options granted under the Scheme was HK\$8,492,000. The closing price of the Company's shares immediately preceding the date of the grant was HK\$0.22. The share options granted shall be valid and effective for a period of ten years commencing on 13 July 2015.

The fair value of the granted share options as of the date of grant was calculated by Ascent Partners Valuation Service Limited in 2015, an independent professional qualified valuer. The fair value of the granted share options was calculated using binomial option pricing model. The inputs in the model were as follows:

	2016	2015
Share price as at grant date	N/A	HK\$0.22
Exercise price	N/A	HK\$0.22
Dividend yield	N/A	0%
Expected volatility	N/A	112.513%
Expected life	N/A	10 years
Risk-free rate	N/A	1.407%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 7 years.

Share options granted to consultants were incentives for helping the Group expand its business network, acquire and explore new business projects and opportunities. The fair value of such benefit could not be estimated reliably and as a result, the fair value is measured by reference to the fair value of share options granted.

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29. Statement of financial position and reserve movement of the Company

(a) Statement of financial position of the Company

	As at 31 December	
	2016	2015
	HK\$'000	HK\$'000
Non-current assets		
Property, plant and equipment	110	105
Interests in subsidiaries	-	-
Interests in associates	-	-
Available-for-sale financial assets	1,507	1,809
Total non-current assets	1,617	1,914
Current assets		
Deposits, prepayments and other receivables	2,489	6,696
Due from subsidiaries, net of accumulated impairment losses	1,781	3,464
Cash and cash equivalents	951	738
Total current assets	5,221	10,898
Total assets	6,838	12,812
Current liabilities		
Accruals and other payables	684	870
Promissory notes	15,000	15,000
Total current liabilities	15,684	15,870
Net current liabilities	(10,463)	(4,972)
NET LIABILITIES	(8,846)	(3,058)
Share capital	64,350	63,690
Reserves (Note 29(b))	(73,196)	(66,748)
CAPITAL DEFICIENCIES	(8,846)	(3,058)

Approved by the Board of Directors on 18 July 2017 and are signed on its behalf by:

Wong Tat Wa
Director

Leung Po Yee
Director

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29. Statement of financial position and reserve movement of the Company *(continued)*

(b) Reserve movement of the Company

	Share premium	Share-based payment reserve	Warrant reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015	393,519	22,299	130	(418,176)	(2,228)
Total comprehensive income for the year	-	-	-	(142,206)	(142,206)
Recognition of equity-settled share-based payments	-	8,492	-	-	8,492
Issuance of shares	69,194	-	-	-	69,194
Lapse of options	-	(16,557)	-	16,557	-
At 31 December 2015 and at 1 January 2016	462,713	14,234	130	(543,825)	(66,748)
Total comprehensive income for the year	-	-	-	(8,692)	(8,692)
Issuance of shares through exercise of options	3,300	(1,056)	-	-	2,244
Lapse of warrants	-	-	(130)	130	-
Lapse of options	-	(1,956)	-	1,956	-
At 31 December 2016	466,013	11,222	-	(550,431)	(73,196)

30. Reserves

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per Share. The application of the share premium account is governed by the Company Act 1981 of Bermuda.

(c) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at the end of reporting period and is dealt with in accordance with the accounting policy in note 4(j) to the consolidated financial statements.

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30. Reserves (continued)

(d) Warrant reserve

The warrant reserve represents the net proceeds received from the issuance of warrants of the Company. During the year, warrants were lapsed and the warrant reserve was transferred to accumulated losses.

(e) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(d) to the consolidated financial statements.

(f) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to its directors, employees and others of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(s) to the consolidated financial statements.

31. Related party transactions

In addition to those related party transactions and balances disclosed elsewhere in the revised consolidated financial statements, the Group had the following transactions with its related parties during the year:

The remuneration of members of Director and other members of key management during the year was as follows:

	2016 HK\$'000	2015 HK\$'000
Short term benefits	2,311	2,371
Post-employment benefits	-	-
	2,311	2,371

The remuneration of Directors and other members of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

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32. Commitments

The Group as lessee

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2016 HK\$'000	2015 HK\$'000
Within 1 year	1,426	1,164
After 1 year but within 5 years	-	557
	1,426	1,721

Operating lease payments represent rentals payable by the Group for certain of its offices, staff quarters and motor vehicle. Leases are negotiated for terms ranging from one to two years (2015: two to four years) and rentals are fixed over the lease terms and do not include contingent rentals.

33. 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 of the Company; 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 are not 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 of the Company; 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 are not 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 any financial impact on the financial statements of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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33. Litigation (continued)

- (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.

On 31 May 2016, the Statement of Claim was filed and served to Ms. Lee. On 21 July 2016, Ms. Lee filed a Defence and Counterclaim alleging misrepresentation and breach of contract on the part of Good Return and claiming damages. She also seeks to rectify and rescind previous agreements. The damages claimed by Ms. Lee have not been quantified in her Defence and Counterclaim. On 1 December 2016, Good Return filed and served its Reply and Defence to Counterclaim. At present, Good Return is in the course of preparing the Mediation Certificate/Notice and the Timetabling Questionnaire.

- (iv) On 11 February 2015, the Company and Silver Bonus Limited, a wholly-owned subsidiary of the Company and the purchaser to the acquisition of equity interests in Neo Partner Investments Ltd. (the “Target Company”), issued a writ of summons in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region against (i) Shinning Team Investment Limited (the second vendor) as the 1st defendant; (ii) Mr. Lau Hin Chung (the first vendor) as the 2nd defendant; (iii) the Target Company as the 3rd defendant; (iv) Harvest View (China) Limited as the 4th defendant; (v) Mr. Chen Zai as the 5th defendant; (vi) two former executive Directors of the Company, namely Mr. Ho Chun Kit, Gregory and Mr. Lee Tat Wing as the 6th and 7th defendants, claiming for, among other things, the following relief:

- (1) damages for breach of the sale and purchase agreement and its supplemental agreement (collectively, the “Agreements”) against the 1st and 2nd defendants;
- (2) damages and/or rescission of the Agreements for misrepresentation against the 1st to 5th defendants;
- (3) damages for negligence and breach of fiduciary duties as Directors against the 6th and 7th defendants;
- (4) a declaration that the promissory notes issued under the Agreements are null and void and unenforceable;
- (5) costs; and
- (6) further and/or other relief.

- (v) On 20 April 2016, a writ of summons was issued and filed in the High Court of Hong Kong by an individual, namely Zhu Jun Min (the “Claimant”) 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 the Claimant in 2013.

Upon the Claimant’s request, the Company agreed to have the proceedings further stayed till 6 July 2017. The further stay is subject to the Court’s approval.

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

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34. Events after the reporting period

All the revisions (the “**Revisions**”) set out below relate to a balance of other receivables in the amount of HK\$6,799,000 (the “**OLIL Receivables**”) due from Oriental Light Industries Limited (“**OLIL**”), a former indirectly wholly-owned subsidiary. OLIL was disposed of by the Group in the first quarter of 2014 (the “**OLIL Disposal**”) to an independent third party. Following the publication of the Annual Report dated 24 March 2017, the Company discovered that the OLIL Receivables were already provided for in full at the time of the OLIL Disposal. Although the OLIL Receivables were still recorded on the company-level accounts of a subsidiary, they should have been eliminated by way of the carrying forward of consolidation adjustments on the group-level accounts. During the preparation of the original consolidated financial statements, due to inadvertent mistake, this consolidation adjustment was not made and the Company called into question the recoverability of the OLIL Receivables again by looking into the subsidiary’s company-level accounts, without realising that they were already fully provided for during the OLIL Disposal in 2014. As a result of this inadvertent mistake, the Company wrongly impaired HK\$6,799,000 for the OLIL Receivables in its original consolidated financial statements for the year ended 31 December 2016 again, causing consequential accounting mistakes in other balancing entries in the consolidated financial statements and notes to the consolidated financial statements. The effects of the Revisions on those key accounts line items in the original consolidated financial statements are summarised below:

Decrease in impairment loss on other receivables	HK\$6,799,000
Decrease in loss for the year	HK\$6,799,000
Change of exchange differences on translating foreign subsidiaries	HK\$(6,799,000)
Decrease in other comprehensive income for the year, net of tax	HK\$(6,799,000)
Decrease in loss for the year attributable to owners of the Company	HK\$6,799,000
Change of exchange reserve – exchange difference on translating foreign subsidiaries	HK\$(6,799,000)

The effect of the Revisions on loss per share is stated in note 16 to the consolidated financial statements.

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35. Particulars of subsidiaries

The following list contains the particulars of the Company's subsidiaries as at 31 December 2016.

Name of company	Place of incorporation/ registration and operations	Issued ordinary/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Light (Holdings) Limited	British Virgin Islands	HK25,000,000	100%	–	Investment holding
Fast Systems Limited	Hong Kong	HK\$2	–	100%	No operation
Oriental Light International Limited	British Virgin Islands	US\$1	–	100%	No operation
Principle Industries Limited	British Virgin Islands	US\$1	–	100%	Investment holding
Superjet Technologies Limited	Hong Kong	HK\$2	–	100%	Investment holding and trading of sapphire watch crystals
福建東昇光電科技有限公司#	The People Republic of China	US\$7,100,000	–	100%	Manufacturing and trading of optoelectronic products
Billion Sky Investment Limited	British Virgin Islands	US\$100	51%	–	Investment holding
Rich Point International Limited	Hong Kong	HK\$1	–	51%	Trading of liquor
SG New Energy (BVI) Limited	British Virgin Islands	US\$1	100%	–	Investment holding
SG New Energy (H.K.) Limited	Hong Kong	HK\$1	–	100%	No operation
Good Faith Financial Group Limited	British Virgin Islands	US\$1	100%	–	Investment holding
Good Return (BVI) Limited	British Virgin Islands	US\$1	–	100%	No operation
Excel Energy Holdings Limited	British Virgin Islands	US\$1	100%	–	Investment holding
Fullway (China) Limited	Hong Kong	HK\$1	–	100%	Investment holding
象山弘通投資管理諮詢有限公司#	The People Republic of China	US\$1,324,000	–	100%	Property investment
Techtrend Holdings Limited	British Virgin Islands	US\$1	100%	–	No operation

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35. Particulars of subsidiaries (continued)

Name of company	Place of incorporation/ registration and operations	Issued ordinary/ registered paid up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Rich Gain International Investment Limited	Hong Kong	HK\$1	100%	–	No operation
Silver Bonus Limited	Hong Kong	HK\$1	100%	–	Investment holding
Gains Achieve Limited	British Virgin Islands	US\$1	100%	–	No operation
Best Knight Limited	British Virgin Islands	US\$1	100%	–	No operation
All Like Limited	Hong Kong	HK\$1	100%	–	Investment holding and trading of LED lighting products
廣州無縫綠色科技有限公司#	The People Republic of China	HK\$50,000,000	–	100%	Trading of LED lighting products
江門市新會區嘉熙年電子科技有限公司#	The People Republic of China	RMB1,000,000	–	100%	Manufacturing and trading of LED lighting products
Option Best Limited	British Virgin Islands	US\$1	100%	–	Investment holding
Power Asia Global Investments Limited	British Virgin Islands	US\$100	–	51%	No operation
Infinite Speed Limited	British Virgin Islands	US\$1	100%	–	Investment holding
Bless Nation Limited	Hong Kong	HK\$1	–	100%	No operation
Jewel King Limited	British Virgin Islands	US\$1	100%	–	Investment holding
Develop King Limited	Hong Kong	HK\$1	–	100%	No operation

These subsidiaries are registered as wholly-owned foreign enterprise under the PRC law.

None of the subsidiaries of the Company has issued any debt securities at 31 December 2016 or any time during the year (2015: Nil).

FIVE YEARS FINANCIAL SUMMARY

A following is a summary of the published results and of the assets and liabilities of the Group prepared on the bases set out in the note below:

	Year ended 31 December				
	2016	2015	2014	2013	2012
	(Revised) <i>(note 34)</i> HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RESULTS					
Revenue	12,822	17,621	20,837	25,070	26,993
Loss before tax	(18,024)	(30,673)	(199,796)	(153,825)	(58,242)
Income tax (expense)/credit	(114)	378	(691)	–	(120)
Loss for the year	(18,138)	(30,295)	(200,487)	(153,825)	(58,362)
Attributable to:					
Owners of the Company	(18,790)	(30,295)	(200,487)	(153,128)	(58,362)
Non-controlling interests	652	–	–	(697)	–
	(18,138)	(30,295)	(200,487)	(153,825)	(58,362)
As at 31 December					
	2016	2015	2014	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS AND LIABILITIES					
Non-current assets	22,899	23,658	37,949	103,390	91,159
Current assets	41,962	61,098	91,086	62,386	32,008
Current liabilities	(24,482)	(27,194)	(142,383)	(28,747)	(24,608)
Non-current liabilities	(1,039)	(1,005)	(1,459)	(110,057)	(47,714)
Net assets/(net liabilities)	39,340	56,557	(14,807)	26,972	50,845
Attributable to:					
Owners of the Company	40,166	58,035	(13,329)	28,450	50,845
Non-controlling interests	(826)	(1,478)	(1,478)	(1,478)	–
Total equity/(capital deficiencies)	39,340	56,557	(14,807)	26,972	50,845

SUMMARY OF INVESTMENT PROPERTY

Address	Approximate gross floor areas	Tenure	Existing use
House No. 11 in Phase I Rose Garden, Baishawan Xiangshan County, Ningbo City, Zhejiang Province, the PRC	440.27/sq.m. plus a basement ancillary floor of 301.26 sq.m.	A term of 70 years expiring on 19 September 2076	Residential use