天臣控股有限公司
Tesson Holdings Limited

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

Stock Code 股份代號: 1201

Annual Report
2015
年報

Contents

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ms. Cheng Hung Mui
Mr. Tin Kong *(Chairman)*
Mr. Zhou Jin
Mr. Chen Dekun
Mr. Tao Fei Hu
Mr. Sheng Siguang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Chun Chung, Patrick
Mr. Lee Kwong Yiu
Mr. Wang Jinlin
Mr. Chen Weixi
Mr. Ng Ka Wing

AUDIT COMMITTEE

Mr. Ho Chun Chung, Patrick *(Chairman)*
Mr. Lee Kwong Yiu
Mr. Wang Jinlin
Mr. Chen Weixi
Mr. Ng Ka Wing

REMUNERATION COMMITTEE

Mr. Ng Ka Wing *(Chairman)*
Mr. Tin Kong
Mr. Ho Chun Chung, Patrick
Mr. Wang Jinlin
Mr. Chen Weixi

NOMINATION COMMITTEE

Mr. Tin Kong *(Chairman)*
Mr. Ho Chun Chung, Patrick
Mr. Wang Jinlin
Mr. Chen Weixi
Mr. Ng Ka Wing

INTERNAL CONTROL COMMITTEE

Mr. Tin Kong *(Chairman)*
Mr. Ho Chun Chung, Patrick
Mr. Wang Jinlin
Mr. Chen Weixi
Mr. Ng Ka Wing

COMPANY SECRETARY

Mr. Chan Wei

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Codan Services Limited
Clarendon House, 2 Church Street
PO Box HM 1022
Hamilton HM DX, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited
Rooms 1712–1716, 17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1007, Tsim Sha Tsui Centre, West Wing
66 Mody Road
Tsim Sha Tsui
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
China CITIC Bank International Limited

HONG KONG LEGAL ADVISER

Michael Li & Co.
19/F., Prosperity Tower
No. 39 Queen's Road
Central, Hong Kong

AUDITOR

ZHONGHUI ANDA CPA Limited
Unit 701, 7/F., Citicorp Centre
18 Whitfield Road, Causeway Bay
Hong Kong

WEBSITE

www.tessonholdings.com

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and restated/reclassified as appropriate, is set out below:

	For the year ended 31 December				
	2011	2012	2013	2014	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Profit/(loss) for the year	87,491	96,980	(646,976)	105,074	**75,407**
Attributable to:					
Owners of the Company	35,070	55,365	(676,091)	65,171	**28,248**
Non-controlling interests	52,421	41,615	29,115	39,903	**47,159**
	87,491	96,980	(646,976)	105,074	**75,407**

	As at 31 December				
	2011	2012	2013	2014	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Non-current assets	656,684	748,730	663,281	631,325	**645,755**
Current assets	1,136,782	1,071,137	453,540	468,249	**768,850**
Current liabilities	(800,039)	(775,629)	(803,439)	(694,754)	**(311,647)**
Non-current liabilities	(39,308)	(47,519)	(42,368)	(36,619)	**(457,906)**
Net Assets	954,119	996,719	271,014	368,201	**645,052**
Attributable to:					
Owners of the Company	578,024	623,876	(52,703)	10,304	**261,848**
Non-controlling interests	376,095	372,843	323,717	357,897	**383,204**
Total Equity	954,119	996,719	271,014	368,201	**645,052**

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "**Board**") of Tesson Holdings Limited (the "**Company**"), together with its subsidiaries (the "**Group**"), I am pleased to announce the operational results of the Group and to present the annual report for the year ended 31 December 2015.

DIVIDENDS

The Board does not recommend the payment of an interim and final dividend for the year 2015 (2014: Nil).

BUSINESS REVIEW

Package Printing Business

For the year ended 31 December 2015, the Group continued to engage in printing and manufacturing of packaging products in the PRC.

The revenue from package printing business for the year ended 31 December 2015 was approximately HK$795,307,000, representing an increase of 5% from 2014. Gross profit margin remained steady at 30.5% compared to 31.4% in 2014. Gross profit from the package printing business, which remains the core business of the Group, accounted for 100% of the Group's total gross profit for the year ended 31 December 2015.

Tobacco package printing is still the core product line of the package printing business, which accounted for over 87% of the total revenue of the business. Other product lines of the package printing business includes medicine package printing and liquor package printing.

As announced, the Group is building a new production facility in Qiaotong for relocating its existing production capacity in the area. The Board believe that Yunnan Qiaotong Package Printing Company Limited will be benefited from the relocation and upgrade of its existing production facilities and better logistics location of the Zhaoyang Industrial Park.

Meanwhile, the management will constantly review the performance of package printing subsidiaries and does not obviate the possibility of discontinuing the operation of any subsidiary which does not represent a significant part of the Group's overall operation.

In addition, the Group made environment protection efforts and implemented environment friendly policies in respect of our printing business, which includes replacing the traditional ink with water-based ink, applying self-developed alcohol-free printing techniques, as well as recycling of post-printing ink disposal and cleaning solvent by qualified recyclable material collector, so as to minimize pollution from our production process. In terms of saving energy and reducing carbon emission, the Group has adopted an eco-friendly design at our new plant in Zhaotong, Yunnan which uses natural light and geothermal energy to maintain the room temperature for buildings and plants in order to minimize carbon emission.

Lithium Ion Motive Battery Business

At the end of October 2015, the Group had announced its intension to engage in the sale of lithium ion motive battery, lithium ion battery module, battery charging devices, battery materials machines and production lines, new energy solution and sale of relevant equipment, investments holding and import and export trading.

CHAIRMAN'S STATEMENT

天臣新能源(深圳)有限公司 (Tesson New Energy (Shen Zhen) Limited) (a wholly owned subsidiary of the Group) entered into an Agreement, to acquire (subject to conditions) 陝西力度電池有限公司 (Shaanxi Leaders Battery Co. Ltd.). Shaanxi Leaders Battery Co. Ltd is principally engaged in manufacturing and sale of lithium-ion batteries, battery packs, chargers and battery materials.

At the beginning of January 2016, the Group had announced the purchase of certain machineries in relation to the production facilities of lithium ion motive battery.

According to 中國國務院《節能與新能源汽車產業發展規劃（2012—2020年）》, China targets to achieve accumulated sales and production of 5 million electric powered or hybrid powered cars by 2020. The Board believe with the soaring demands for lithium ion motive battery, investment in the production and manufacturing facility of lithium ion motive battery will benefit the Group for the years to come.

FUTURE PROSPECTS

The package printing business has maintained its performance throughout the years. Despite challenging, the management believes that this business will continue to contribute stable returns to the Group.

The establishment of production capability of lithium ion motive battery enables the Group to participate in one of the highest growth areas amongst the industries. The Group will continue investing in the industry in order to capture the high growth and demand in new energy cars and thus enhance the return to shareholders.

Tin Kong
Chairman

Hong Kong, 31 March 2016

FINANCIAL REVIEW

The revenue of the continuing operation was approximately HK$795,307,000 (2014: approximately HK$758,687,000), representing a slightly increase of approximately 5%. The increase in the revenue of the Group was mainly attributable to the increase in the revenue arising from printing and manufacturing of tobacco packaging.

Gross profit margin remained stable from approximately 31.4% for the year ended 31 December 2014 to approximately 30.5% in the corresponding period in 2015.

Administrative expenses for the year ended 31 December 2015 was approximately HK$147,315,000 (2014: approximately HK$152,591,000). The slightly decrease of 3% was due to decrease in depreciation since some of the property, plant and equipment are fully depreciated during 2015. For the distribution and selling expenses, it is increased by 11% to HK$4,414,000 (2014: approximately HK$3,961,000), which is in line with the increase in revenue. Other income for the year ended 31 December 2015 was approximately HK$13,052,000 (2014: approximately HK$11,023,000). Other income mainly included government grants, dividend income arising from available-for-sale financial assets and proceeds from disposal of scrap materials. The increase in other income mainly due to increase in dividend income arising from available-for-sale financial assets.

Finance costs for the year ended 31 December 2015 was slightly increased to approximately HK$6,796,000 (2014: approximately HK$6,120,000), resulting from the movement in borrowings.

The restructuring costs of approximately HK$23,575,000 were involved relating to the Schemes effective on 18 March 2015 and the exercise for the application on the resumption of the shares of the Company in March 2015. The restructuring costs mainly represented professional fees to provisional liquidators, scheme administrator, the related professional advisors and lawyers, other consultancy fees, as well as professional fees in connection with the Company's open offer completed on 10 March 2015 and the overall exercise on the application of the resumption of the shares of the Company in March 2015.

The Group's gain of approximately HK$30,412,000 on the execution of the Schemes represented the net distribution attributable to the Group from the execution of the arrangement of certain debts compromise, waiver and settlement in accordance with the terms of the Schemes.

Basic and diluted earnings per share for continuing operation for the year ended 31 December 2015 decreased to 7.71 cents as compared to 8.75 cents for 2014. In anticipation of the funds needed for the relocation of the Yunnan factory and the development of lithium ion motive battery business, the Board do not recommend the payment of a final dividend for the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained sufficient working capital as at 31 December 2015 with net current assets of approximately HK$457,203,000 (31 December 2014: net current liabilities of approximately HK$226,505,000) and bank balances and cash of approximately HK$204,359,000 (31 December 2014: approximately HK$53,702,000). The gearing ratio (total liabilities over total assets) was about 54% as at 31 December 2015 (31 December 2014: approximately 67%).

ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Company has established an indirect wholly-owned subsidiary, namely Tesson New Energy (Shen Zhen) Limited (天臣新能源(深圳)有限公司) ("**Tesson New Energy**") in Shenzhen, the People's Republic of China (the "**PRC**") in around late September 2015 and injected RMB130,000,000 capital into Tesson New Energy in December 2015.

EMPLOYMENT

As at 31 December 2015, the Group had approximately 1,000 employees (2014: approximately 1,000), most of whom were working in the Company's subsidiaries in the PRC. During the year under review, the total employees' costs including Directors' remuneration were approximately HK$116,108,000 (2014: HK$98,267,000). Salaries and wages are reviewed on an annual basis based on performance and other relevant factors.

EXCHANGE EXPOSURE

All sales and purchases for the package printing business are denominated in Renminbi (RMB). Through the currency match for sales and purchases, the exposure to exchange risks is minimised.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group did not have any material contingent liabilities (2014: Nil).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. Cheng Hung Mui

Ms. Cheng Hung Mui ("**Ms. Cheng**"), aged 45, is a Hong Kong resident and an individual investor. Ms. Cheng is the beneficial owner and director of Double Key International Limited.

Mr. Tin Kong

Mr. Tin Kong ("**Mr. Tin**"), aged 55, is a Hong Kong resident. Mr. Tin is the director of Double Key International Limited. He graduated from 北京文化幹部管理學院經濟管理學系 (translated as department of Economics and Management in Beijing Academy of Cultural Administration).

Mr. Zhou Jin

Mr. Zhou Jin ("**Mr. Zhou**"), aged 56, was one of the founding members of Yunnan Qiaotong. He is currently the vice chairman of Yunnan Qiaotong, and is responsible for investment management and setting up of new production facilities and branches. Mr. Zhou is a senior economist in the PRC and graduated from the Chinese Academy of Social Sciences with a master degree in Commerce and Economics. Prior to joining the Group in March 1993, he was engaged in academic and research activities with a school and a governmental bureau respectively in Yunnan Province of the PRC.

Mr. Chen Dekun

Mr. Chen Dekun ("**Mr. Chen**"), aged 53, with thirty years' experience in investment, trading and management.

Mr. Tao Fei Hu

Mr. Tao Fei Hu ("**Mr. Tao**"), aged 62, is the general manager of Anhui Qiaofeng, a subsidiary of the Company engaged in the business of printing and manufacturing of packaging products in the PRC. Prior to his appointment with Anhui Qiaofeng in January 2010, he was the deputy general manager and a founding member of Yunnan Qiaotong, a PRC subsidiary of the Company which also engages in the business of printing and manufacturing of packaging products. Mr. Tao has over 39 years of working experience in production and marketing management in the PRC.

Mr. Sheng Siguang

Mr. Sheng Siguang ("**Mr. Sheng**"), aged 43, received a Master degree in industrial economy from Nanjing Southeast University. He also graduated from Nanjing University of Aeronautics and Astronautics with an associate degree and a Bachelor degree in applied electronic technology. Mr. Sheng has served in a major state-owned electronic enterprise in China and held positions of quality manager, head of quality department and head of purchasing department. Mr. Sheng has extensive experience in investment management. Mr. Sheng's spouse, Ms. Wang Jin, is a beneficial owner of one of the Company's substantial shareholders.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Chun Chung, Patrick

Mr. Ho Chun Chung, Patrick ("**Mr. Ho**"), aged 52, is a Hong Kong resident. Mr. Ho is a certified public accountant and an associate member of the Hong Kong Society of Accountants and the Chartered Association of Certified Accountants. Mr. Ho obtained from the City University of Hong Kong a master degree in Finance in 1996 and a postgraduate diploma in banking and finance in 1992. Mr. Ho served as the financial controller for Gold Peak Industries (Holdings) Ltd. (the shares of which are listed on the main board of the Stock Exchange (stock code: 40)) in 1999 and Chen Hsong Holdings Limited (the shares of which are listed on the main board of the Stock Exchange (stock code: 57)) from 2002 to 2005. Mr. Ho is the independent non-executive director of Harmonic Strait Financial Holdings Limited (the shares of which are listed on the main board of the Stock Exchange (stock code: 33)).

Mr. Lee Kwong Yiu

Mr. Lee Kwong Yiu ("**Mr. Lee**"), aged 53, has over twenty years of experience in Hong Kong law as a qualified solicitor. He is now the principal of Philip K. Y. Lee & Co. Solicitors. He is also the Associate Member of the Chartered Institute of Arbitrators and is a China-Appointed Attesting Officer since 20 April 2006. Mr. Lee currently is the independent non-executive director of Sun Hing Vision Group Holdings Limited (Stock Code: 125) and was the independent non-executive director of ABC Communications (Holdings) Limited (Stock Code: 30) during the period from 19 June 2009 to 5 October 2014, both companies listed on the Main Board of the Stock Exchange.

Mr. Wang Jinlin

Mr. Wang Jinlin ("**Mr. Wang**"), aged 51, graduated from Zhejiang University and obtained a bachelor degree in 1984. He is a senior engineer and used to serve as deputy general manager of Jiaxing Silk Spinning Factory (嘉興絹紡廠), deputy general manager and general manager of Zhejiang Jinying Silk Spinning Co., Ltd. (浙江金鷹絹紡有限公司), and deputy general manager of Zhejiang Jinying Holding Limited, possessing rich experience in corporate management and practice. He was a member of CPPC of Jiaxing, a member of Chinese Silk Industry Association (中國絲綢工業協會) and vice chairman of the silk spinning branch of the Chinese Silk Industry Association.

Mr. Chen Weixi

Mr. Chen Weixi ("**Mr. Chen**"), aged 42, obtained a Bachelor degree in economics from Renmin University of China, and an EMBA master degree from the Hong Kong University of Science and Technology. Mr. Chen is a Certified Public Accountant in China, with practising qualification for 19 years. He is also a licensed securities (futures) intermediary in China, and an associate member of the Association of International Accountants (AIA). Mr. Chen is currently a director and chief financial officer of Hong Kong TV International Media Group Limited.

Mr. Ng Ka Wing

Mr. Ng Ka Wing ("**Mr. Ng**"), aged 60, has extensive experience in the manufacturing of motor vehicles. Mr. Ng is the managing director of a bus manufacturer and the chairman of Hong Kong Bus Suppliers Association.

SENIOR MANAGEMENT

Mr. Chan Wei

Mr. Chan Wei ("**Mr. Chan**"), aged 37, is the Chief Financial Officer and Company Secretary of the Company. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of Associate of Chartered Certified Accountants. Mr. Chan received a Bachelor of Science in applied accounting degree from the Oxford Brookes University. He has over 13 years of experience in auditing, accounting and financial advisory. Before joining the Company, he was working in a listed company as financial controller.

Mr. Zhang Jing

Mr. Zhang Jing ("**Mr. Zhang**"), aged 56, has been employed by Yunnan Qiaotong since its inception and is currently the general manager. He is responsible for the overall management of Yunnan Qiaotong. Mr. Zhang graduated from the People's University of China with a master degree in Business Administration.

Mr. Wen Jie

Mr. Wen Jie ("**Mr. Wen**"), aged 53, has been employed by Yunnan Qiaotong since its inception and is currently its deputy general manager. He is responsible for the product design and technique development of Yunnan Qiaotong. Mr. Wen holds a bachelor degree of Science from the University of Yunnan in the PRC.

Mr. Jiang Fei

Mr. Jiang Fei ("**Mr. Jiang**"), aged 54, has been employed by Yunnan Qiaotong since its inception and is currently its deputy general manager. He is responsible for the management of production and workmanship of Yunnan Qiaotong. Mr. Jiang is an engineer in the PRC and holds a bachelor degree from the Kunming Industrial University of China.

Mr. Zhang Nan Zheng

Mr. Zhang Nan Zheng ("**Mr. Zhang**"), aged 54, has been employed by Yunnan Qiaotong since its inception and is currently its deputy general manager. He is responsible for the administration and financial management of Yunnan Qiaotong. Mr. Zhang has had over 17 years of procurement experience in the printing industry.

Mr. Chen Tong Kun

Mr. Chen Tong Kun ("**Mr. Chen**"), aged 51, was employed by Yunnan Qiaotong and has been transferred to Anhui Qiaofeng since its inception as the deputy general manager for production management of the operation. Mr. Chen is a graduate of the Beijing Institute of Graphic Communication in the PRC. He has had over 23 years of working experience in production technique management in the PRC's printing industry.

Mr. Huang Li San

Mr. Huang Li San ("**Mr. Huang**"), aged 49, has been employed by Anhui Qiaofeng since its inception, and is currently its deputy general manager and is responsible for the sales and marketing activities. Mr. Huang is an art designer and has had over 27 years of experience in the PRC's printing industry.

Mr. Li Li Bin

Mr. Li Li Bin ("**Mr. Li**"), aged 52, has been employed by Anhui Qiaofeng since its inception and is currently its deputy general manager and is responsible for management of production facilities. Mr. Li has had over 26 years of experience in the PRC's printing industry.

DIRECTORS' REPORT

The board (the "**Board**") of directors (the "**Directors**") of Tesson Holdings Limited (the "**Company**") and together with its subsidiaries (the "**Group**") are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company is a limited liability company incorporated in the Bermuda, and its principal place of business in Hong Kong is Room 1007, Tsim Sha Tsui Centre, West Wing, 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 35 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in note 18 to the consolidated financial statements.

CHARGES ON GROUP'S ASSETS

Details of the charges on the Group's assets are set out in note 25 to the consolidated financial statements.

COMMITMENTS

Details of the commitments of the Group are set out in the notes 33 to the consolidated financial statements.

SHARE CAPITAL

As at 31 December 2015, the Company's issued share capital is HK$59,218,040 and the number of its issued ordinary shares is 592,180,400 shares of HK$0.10 each.

Details of the movements in share capital of the Company are set out in note 28 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the financial year under review are set out on page 39 of this annual report and note 29 to the consolidated financial statement.

DIRECTORS' REPORT

RESTRUCTURING OF THE GROUP

Upon the application of China CITIC Bank International Limited (formerly known as CITIC Bank International Limited), a creditor of the Company, Messrs. Lai Kar Yan (Derek), Darach E. Haughey and Ho Kwok Leung Glen of Deloitte Touche Tohmatsu have been appointed jointly and severally as provisional liquidators of the company pursuant to the order dated 27 January 2014 (Bermuda time) made by the Supreme Court of Bermuda.

Pursuant to the order dated 5 March 2014 made by the High Court of Hong Kong, Messrs. Lai Kar Yan (Derek), Darach E Haughey, Ho Kwok Leung Glen and Yeung Liu Ming (Edmund) of Deloitte Touche Tohmatsu have been appointed jointly and severally as provisional liquidators of the Company.

After the Provisional Liquidators' appointment, the Provisional Liquidators formed the view that a restructuring of the Company, possibly with (some of) its subsidiaries, would likely result in better recovery for its creditors as compared to liquidation. The focus of any restructuring of the Group will be the settlement of its liabilities arising from the distribution business.

The Provisional Liquidators had therefore negotiated with various interested parties, including Double Key International Limited, in relation to a restructuring of the Group (the "**Restructuring**").

On 28 April 2014, an exclusivity agreement was entered into between Double Key International Limited, the Company and the Provisional Liquidators of the Company pursuant to which the Company agrees to grant Double Key International Limited an exclusivity to negotiate and implement a restructuring of the indebtedness of the Group for a period commencing on the date of the exclusivity agreement and ending on the date falling 3 months after the date of the exclusivity agreement, unless extended by the parties in writing.

On 23 May 2014, Double Key International Limited had received valid acceptances in respect of 25,830,204 shares of the Company under the offer set out in the offer document dated 25 April 2014, representing approximately 9.88% of the existing issued share capital of the Company. With the acquisition of 131,000,000 shares (representing approximately 50.1% of the existing issued share capital of the Company) held by Accufit Investment Inc. on 18 December 2013, Double Key International Limited owns a total of approximately 59.98% of the ordinary shares of the Company.

On 16 June 2014, the Company, the Provisional Liquidators and Double Key International Limited entered into the restructuring deed to implement the restructuring of the indebtedness of the Group which contemplates, among others, (i) the scheme of arrangement of the Company and the scheme of arrangement of the Company's restructuring subsidiary, Ever Honest Industries Limited (the "**Schemes**") and (ii) the secured debt purchase (collectively the "**Debt Restructuring**"). Double Key International Limited shall make available an amount up to HK$485,600,000 for the implementation of the Debt Restructuring.

On 18 July 2014, the Court of First Instance of the Hong Kong Court sanctioned, among other things, the entering into the restructuring deed between the Company, the Provisional Liquidators and Double Key International Limited.

RESTRUCTURING OF THE GROUP (CONTINUED)

Winding-up of non-viable distribution subsidiaries

The distribution business came to a halt since May 2013. Both Kith Electronics Limited ("**KEL**") and Kith Resources Limited ("**KRL**"), wholly-owned subsidiaries of the Company, had ceased operation in May 2013 and cannot continue its business by reason of its liabilities. Accordingly, on 20 August 2014, at the respective shareholder's meeting, a special resolution was duly passed to wind up KEL and KRL respectively by way of a creditors' voluntary liquidation. At the respective creditors' meeting of KEL and KRL duly held on the same date, Messrs. Lai Kar Yan (Derek) and Mr. Darach E. Haughey were appointed as the joint and several liquidators of KEL and KRL.

Following the commencement of the winding-up on 20 August 2014, the financial results, assets and liabilities of KEL and KRL were deconsolidated from those of the Group.

Debt restructuring by way of 2 creditors' scheme of arrangement

On 16 September 2014 and 18 September 2014, the Hong Kong Court and the Bermuda Court respectively directed that a meeting be convened for the creditors of the Company for the purpose of considering and, if thought fit, approving the scheme of arrangement proposed to be made between the Company and its creditors.

On 16 September 2014, the Hong Kong Court directed that a meeting be convened for the creditors of Ever Honest Industries Limited for the purpose of considering and, if thought fit, approving the scheme of arrangement proposed to be made between Ever Honest Industries Limited and its creditors.

At the respective meetings of the creditors of the Company and Ever Honest Industries Limited held on 7 November 2014, the resolutions to approve the Schemes were duly passed pursuant to Section 670, 671, 673 and 674 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) and Section 99 of the Companies Act 1981 of Bermuda (where applicable).

On 11 December 2014, the scheme of arrangement between the Company and its creditors was sanctioned by the Bermuda Court. On 27 January 2015, the Schemes were sanctioned by the Hong Kong Court and the total amount of HK$485,600,000 was subsequently made available by Double Key International Limited for the implementation of the Debt Restructuring.

On 18 March 2015, the Schemes became effective and all the claims against, and the liabilities of, the Company and Ever Honest Industries Limited were transferred to Cloud Apex Global Limited, a company beneficially owned by Double Key International Limited on the same day.

RESTRUCTURING OF THE GROUP (CONTINUED)

Open offer

The Company raised approximately HK$90,202,000, before expenses, by way of open offer of 130,726,800 shares at the subscription price of HK$0.69 per offer share on the basis of one offer share for every two existing shares.

As at 4:00 p.m. on 10 March 2015, being the latest time for acceptance of, and payment for, the offer shares and application and payment for the excess offer shares, (i) a total of 9 valid acceptances for 83,224,552 Offer Shares were received, representing approximately 63.66% of the total number of 130,726,800 offer shares available for subscription under the open offer; and (ii) a total of 5 valid application for the excess offer shares were received for a total of 2,172,661,758 offer shares, representing approximately 1,661.99% of the total number of 130,726,800 Offer Shares available for subscription under the open offer. There were 47,502,248 offer shares available for excess applications.

As a result of over-subscription of the offer shares, obligations of Double Key International Limited and Guoyuan Securities Brokerage (Hong Kong) Limited regarding the subscription of the offer shares not taken up and their related obligation arising thereto under the underwriting agreement have been discharged.

All the conditions to the open offer were fulfilled on 18 March 2015, and allotment and issue of the offer shares took place on the same day.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors
Ms. Cheng Hung Mui
Mr. Zhang Xiaofeng (resigned on 4 March 2016)
Mr. Tin Kong (appointed on 27 August 2015)
Mr. Zhou Jin
Mr. Chen Dekun (appointed on 25 June 2015)
Mr. Tao Fei Hu
Mr. Wang Feng Wu (resigned on 21 September 2015)
Mr. Wei Ren (retired on 25 June 2015)
Mr. Liu Qingchang (retired on 25 June 2015)
Mr. Liu Shihong (retired on 25 June 2015)
Mr. Sheng Siguang (appointed on 8 March 2016)

Non-executive Directors
Mr. Gou Min (resigned on 27 August 2015)
Ms. Zhang Xiaohua Connie (retired on 25 June 2015)

DIRECTORS (CONTINUED)

Independent Non-executive Directors
Mr. Ho Chun Chung, Patrick
Mr. Lee Kwong Yiu (appointed on 24 March 2015)
Mr. Wang Jinlin (appointed on 24 March 2015)
Mr. Zhang Jianxing (appointed on 24 March 2015 and resigned on 21 September 2015)
Mr. Liang Zhong (appointed on 24 March 2015 and resigned on 27 August 2015)
Mr. Chen Weixi (appointed on 8 March 2016)
Mr. Ng Ka Wing (appointed on 8 March 2016)

By virtue of bye-law 87 of the bye-laws of the Company, Mr. Zhou Jin, Mr. Chen Dekun and Mr. Tao Fei Hu shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

By virtue of bye-law 86 of the bye-laws of the Company, Mr. Tin Kong, Mr. Sheng Siguang, Mr. Chen Weixi and Mr. Ng Ka Wing shall hold office only until the forthcoming annual general meeting and being eligible, offer themselves for re-election.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensations).

DIRECTORS' SERVICE CONTRACTS

The executive Directors, namely Mr. Zhou Jin was appointed without a fixed term on 27 May 1998. Under the Listing Rule 13.69, Directors' service contracts entered into by the issuer or any of its subsidiaries in accordance with the Rules of Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") ("**Listing Rules**") on or before 31 January, 2004 are exempt from the shareholders' approval requirement under rule 13.68.

The executive Directors, namely Mr. Tao Fei Hu, Ms. Cheng Hung Mui, Mr. Chen Dekun and Mr. Tin Kong have entered into service agreements with the Company for a term of 2 years commencing from 6 August 2013, 27 June 2014, 25 June 2015 and 27 August 2015 respectively.

The independent non-executive Directors, namely Mr. Ho Chun Chung, Patrick, Mr. Lee Kwong Yiu and Mr. Wang Jinlin have entered into service agreements with the Company for a term of 2 years commencing from 27 June 2014, 24 March 2015 and 24 March 2015 respectively.

The executive Director, namely Mr. Sheng Siguang, and the independent non-executive Directors, namely Mr. Chen Weixi and Mr. Ng Ka Wing were appointed on 8 March 2016 without service agreement and specific term.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2015, according to the register kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance ("**SFO**") and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who 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 at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital are as follows:

Long position

Name of shareholder	Capacity	Number of ordinary shares held	Percentage of the Company's issued share capital
Cheng Hung Mui	Interest of controlled corporation	235,245,306 *(Note 1)*	39.73%
Double Key International Limited	Beneficial owner	235,245,306 *(Note 1)*	39.73%
Burgeon Max Holdings Limited	Beneficial owner	100,000,000 *(Note 2)*	16.89%
Lankai Limited	Beneficial owner	100,000,000 *(Note 3)*	16.89%
Wang Jin	Interest of controlled corporation	100,000,000 *(Note 2)*	16.89%
Sheng Siguang	Family interest	100,000,000 *(Note 2)*	16.89%
Wu Siqing	Interest of controlled corporation	100,000,000 *(Note 2)*	16.89%
Li Yujun	Interest of controlled corporation	100,000,000 *(Note 3)*	16.89%

Note 1: The entire issued share capital of Double Key International Limited is owned by Ms. Cheng Hung Mui. Therefore, Ms. Cheng Hung Mui is deemed to be interested in the Shares held by Double Key International Limited pursuant to the SFO.

Note 2: The issued share capital of Burgeon Max Holdings Limited is owned as to 60% by Ms. Wang Jin and 40% by Ms. Wu Siqing. Therefore, Ms. Wang Jin and Ms. Wu Siqing is deemed to be interested in the Shares interested in by Burgeon Max Holdings Limited pursuant to the SFO. Besides, Mr. Sheng Siguang is the spouse of Ms. Wang Jin and is accordingly deemed to be interested in the shares beneficially owned by Ms. Wang Jin through her controlled corporation, Burgeon Max Holdings Limited pursuant to the SFO.

Note 3: The entire issued share capital of Lankai Limited is owned by Mr. Li Yujun. Therefore, Mr. Li Yujun is deemed to be interested in the Shares interested in by Lankai Limited pursuant to the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES (CONTINUED)

Save as disclosed above, as at 31 December 2015, the Company has not been notified by any persons (other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short position in the shares and underlying shares" below), who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosable to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2015, the interests and short positions of the directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the directors of Company (the "**Model Code**") contained in the Listing Rules were as follows:

Interests in the shares of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Cheng Hung Mui	Interest of Controlled Corporation	235,245,306 *(Note)*	39.73%

Note: The shares are held by Double Key International Limited in which Cheng Hung Mui owns 100% Shareholding interest.

Apart from the foregoing, as at 31 December 2015, none of the Directors or chief executive of the Company had or was deemed to have any interests or short position in the shares and underlying shares of the Company, or any of its holding companies, subsidiaries or other associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to the special general meeting of the Company held on 13 June 2012 for the primary purpose of providing incentives to selected participants for their contribution to the Group, and will expire on 12 June 2022. Under the Scheme, the Board may grant options to all Directors of the Company (including independent non-executive Directors) and any fulltime/part time employees of the Group, and any participants from time to time determined by the Board as having contributed or may contribute to the development and growth of the Group to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 1% of the issued share capital of the Company for the time being.

Options granted must be taken up within 28 days from the date of grant, upon payment of HK$1 per each grant of option(s). Options may be exercised at any time from the date of grant to the 10th anniversary of the date of grant. In each grant of options, the Board may at its discretion determine the specific exercise period and exercise price. The exercise price shall not be less than the highest of (i) the closing price of shares on the Stock Exchange on the date of the offer of grant; (ii) the average closing price of shares on the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

No share options were granted or exercised during the years ended 31 December 2015. No share options were outstanding as at 31 December 2015.

CHANGES OF DIRECTORS' INFORMATION

Following the resignation of Mr. Zhang Xiaofeng as executive Director on 4 March 2016, Mr. Sheng Siguang, was appointed as executive Director, and Mr. Chen Weixi and Mr. Ng Ka Wing were appointed as independent non-executive Directors on 8 March 2016 without service agreement and specific term. Each of Mr. Sheng Siguang, Mr. Chen Weixi and Mr. Ng Ka Wing is entitled to a director's fee of HK$15,000 per month.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the date of this Annual Report, none of the Directors and directors of the Company's subsidiaries, or their respective associates had interests in businesses, other than being a director of the Company and/ or its subsidiaries and their respective associates, which compete or are likely to compete either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than as disclosed in the section headed "Share Capital" in this report, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable any Directors (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

As at the end of the year or at any time during the year, there was no contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, subsisted, and in which a Director had, whether directly or indirectly, a material interest.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from all the independent non-executive Directors, the annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

CONNECTED TRANSACTIONS

Connected sales transaction

During the year, the Group has entered into sales transaction with Yunnan Zhaotong Cigarette Factory, Hongta Tobacco (Group) Company Limited ("**Zhaotong Cigarette Factory**"), which is a subsidiary of Yunnan Hongta Group Company Limited, a 10% equity shareholder in a subsidiary of the Company, amounting to approximately HK$271,108,000. The Stock Exchange has granted conditional waivers to the Company from strict compliance with the requirements of the Listing Rules, and the independent non-executive Directors of the Company have confirmed that these transactions were carried out in compliance with the conditions set out in the waivers granted by the Stock Exchange. In addition, the Group has entered into sales and purchase transactions with fellow subsidiaries of Zhaotong Cigarette Factory, amounting to approximately HK$299,319,000 and HK$56,037,000 respectively.

The independent non-executive Directors confirm that the above transactions have been entered into by the Company in the ordinary course of its business, on normal commercial terms, and in accordance with the terms of the agreement, if any, governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor has confirmed to the Board that (i) the above transactions have been approved by the Board, (ii) for transactions involving the provision of goods or services by the Group, these transactions are in accordance with the pricing policies of the Company, (iii) the above transactions have been entered into in accordance with the relevant agreements governing the transactions and (iv) the aggregate sales amount of approximately HK$570,427,000 have not exceeded the annual cap disclosed in the Company's circular dated 28 June 1999.

CONNECTED TRANSACTIONS (CONTINUED)

Connected transaction involving subscription of new shares by connected person

On 26 October 2015, the Company entered into the conditional subscription agreement with Burgeon Max Holdings Limited (萌豐控股有限公司), pursuant to which the Burgeon Max Holdings Limited, has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 100,000,000 connected subscription shares at the subscription price of HK$0.80 per subscription share.

Burgeon Max Holdings Limited is owned as to 60% by Ms. Wang Jin and 40% by Ms. Wu Siqing. Given that Ms. Wang Jin is the spouse of the legal representative of a wholly-owned subsidiary of the Company, namely Tesson New Energy, Burgeon Max Holdings Limited is regarded as a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

On 10 December 2015, the aforesaid subscriptions were approved by the shareholders of the Company at the special general meeting of the Company taken by poll.

On 30 December 2015, the Company issued and allotted the aforesaid new shares pursuant to the subscription agreements to Burgeon Max Holdings Limited.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the five largest customers of the Group accounted for approximately 68% of the Group's total revenue for the year. In particular, sales to the largest customer of the group accounted for approximately 34% of the Group's total revenue for the year.

Purchases from the five largest suppliers of the Group accounted for approximately 39% of the Group's total purchases for the year. In particular, purchases from the Group's largest supplier accounted for approximately 12% of the Group's total purchases for the year.

As far as the Directors are aware, neither the Directors nor any of their associates nor any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interests in any of the Group's five largest customers or five largest suppliers.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company raised approximately HK$90,202,000, before expenses, by way of open offer of 130,726,800 ordinary shares at the price of HK$0.69 per share on the basis of one offer share for every two existing shares on 18 March 2015.

On 30 December 2015, the Company issued and allotted 100,000,000 new ordinary shares to Lankai Limited and 100,000,000 new ordinary shares to Burgeon Max Holdings Limited, pursuant to the subscription agreements respectively at the price of HK$0.80 per share.

The Board is of the view that the proceeds from the issue of new shares represent opportunities for the Group to strengthen its financial positions and provide financial resources for the Group to develop the new lithium ion motive battery business.

Save as disclosed above, during the year ended 31 December 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

INTERESTS IN COMPETITORS

During the year, none of the Directors had any interests in competing business of the Company which was required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee having regard to the Company's operating results, individual performance and comparable market statistics.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

The trading in the shares of the Company has been resumed on 27 March 2015 and the Company has maintained a sufficient public float upto the date of this report.

DONATION

During the year, the Group made charitable donation amounting to approximately HK$24,000.

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2015 are set out in note 35 to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period of the Group are set out in note 36 to the consolidated financial statements.

AUDITOR

Messrs Graham H.Y. Chan & Co., resigned as auditor of the Company with effect from 10 July 2014. Messrs ZHONGHUI ANDA CPA Limited has been appointed as auditor of the Company on 27 August 2014. The audited consolidated financial statements of the company for the year ended 31 December 2013, 2014 and 2015 were audited by ZHONGHUI ANDA CPA Limited. Save as disclosed herein, there has been no other changes of auditor of the Company in any of the preceding three years. ZHONGHUI ANDA CPA Limited will retire at the forthcoming annual general meeting and a resolution for their re-appointment as the auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Tesson Holdings limited

Tin Kong
Executive Director and Chairman
Hong Kong, 31 March 2016

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles (the "**Principles**") and code provisions (the "**Code Provisions**") as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 of the Listing Rules.

The Company and the Directors strive to follow the internal control manuals and put in place sufficient resources to comply with the CG Code. During the year ended 31 December 2015, save for the deviations disclosed in this report, the Company has complied with all the applicable provision of the CG Code, except for the deviations as follows:

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive of the Company should be separate and should not be performed by the same individual. During the year ended 31 December 2015, the office of the chairman of the Company was vacant until Mr. Tin Kong was appointed as executive Director and chairman of the Board on 27 August 2015, but the office of the chief executive officer was vacated upon the resignation of Mr. Zhang Xiaofeng as the chief executive officer and executive Director on 4 March 2016. The Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

According to the code provision A.4.1 of the CG Code, non-executive Directors should be appointed for a specific term, subject to re-election. Mr. Chen Weixi and Mr. Ng Ka Wing were appointed as independent non-executive Directors on 8 March 2016. Both of them have not been appointed for a specific term but will be subject to retirement by rotation and eligible for re-election pursuant to the Bye-laws of the Company.

According to the Rule 3.25 of the Listing Rules, an issuer must establish a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors. Following the change of Board structure on 8 March 2016, Mr. Tin Kong, an executive Director, was temporarily assigned as the chairman of the remuneration committee until Mr. Ng Ka Wing, an independent non-executive Director, was appointed as the chairman of the remuneration committee on 31 March 2016.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transaction by Directors of List Issuer (the "**Model Code**") as set out in Appendix 10 of the Listing Rules for securities transactions.

None of the existing directors is aware of any information that would reasonably indicate that the Company or any of its existing directors is not or was not in compliance with the CG Code and upon specific enquiry of all existing directors, the existing directors confirmed that they have complied with the Model Code for any part of the year ended 31 December 2015. The Model Code also applies to other specified senior management of the Group.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises:

Executive Directors:	Ms. Cheng Hung Mui
	Mr. Tin Kong
	Mr. Zhou Jin
	Mr. Chen Dekun
	Mr. Tao Fei Hu
	Mr. Sheng Siguang
Independent Non-Executive Directors:	Mr. Ho Chun Chung, Patrick
	Mr. Lee Kwong Yiu
	Mr. Wang Jinlin
	Mr. Chen Weixi
	Mr. Ng Ka Wing

The Board comprises of six executive Directors and five independent non-executive Directors. Two of the independent non-executive Directors possesses appropriate professional accounting qualifications and financial management expertise. Biographical details of the directors are set out in the section of "Directors and Senior Management's Biographical Information" on pages 8 to 10.

The main focus of the Board is on the formulation of overall strategies and policies of the Group. The Board also monitors the financial performance and the internal controls of the Group's business operations.

The independent non-executive Directors are from professional background with a broad range of expertise and experience in the fields of accounting, finance, legal and business. Their skills and expertise ensure strong independent views and judgment in the Board. They also serve important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each independent non-executive Director is independent in character and judgment and that they all meet the independence criteria as set out under the guidelines by the Listing Rules.

Since the discharge of the Provisional Liquidators on 20 February 2015 and 23 February 2015 by the Supreme Court of Bermuda and the High Court of Hong Kong respectively, all directors are regularly updated on governance and regulatory matters. There is an established procedure for directors to obtain independent professional advice at the expense of the Company in the furtherance of their duties. The Company has also arranged appropriate director and officer liability insurance cover in respect of any potential legal actions that might be taken against its directors.

Appointment, Re-election and Removal of Directors

Since the discharge of the Provisional Liquidators on 20 February 2015 and 23 February 2015 by the Supreme Court of Bermuda and the High Court of Hong Kong respectively. The Company has established formal and transparent procedures for the appointment and succession planning of Directors.

All Directors are appointed for specific tenures which shall be subject to retirement by rotation at least once every three years and subject to re-election at the annual general meeting.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged external/in-house trainings for Directors in the form of seminar and provision of training materials.

Directors' Attendance at the Board Meetings and General Meetings

The individual attendance record of each Director at the Board meetings (not including other ad hoc meetings of the Board held from time to time), audit committee meetings, nomination committee meeting, remuneration committee meeting, internal control committee meeting and general meetings during the year ended 31 December 2015 is set out below:

	Attendance/Number of Meetings					
Name of Directors	Audit Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings	Internal Control Committee Meetings	Board Meetings	General Meetings
Cheng Hung Mui	N/A	N/A	N/A	N/A	3/28	0/2
Zhang Xiaofeng (resigned with effect from 4 March 2016)	N/A	4/4	4/4	1/1	23/28	1/2
Tin Kong (appointed on 27 August 2015)	N/A	N/A	N/A	N/A	7/7	1/1
Zhou Jin	N/A	N/A	N/A	N/A	2/28	0/2
Chen Dekun (appointed on 25 June 2015)	N/A	N/A	N/A	N/A	8/11	0/1
Tao Fei Hu	N/A	N/A	N/A	N/A	5/28	0/2
Sheng Siguang (appointed on 8 March 2016)	N/A	N/A	N/A	N/A	N/A	N/A
Wang Feng Wu (resigned with effect from 21 September 2015)	N/A	N/A	N/A	N/A	2/22	0/1
Wei Ren (resigned with effect from 25 June 2015)	N/A	N/A	N/A	N/A	1/17	0/1
Lui Qingchang (resigned with effect from 25 June 2015)	N/A	N/A	N/A	N/A	0/17	0/1

Name of Directors	Attendance/Number of Meetings					
	Audit Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings	Internal Control Committee Meetings	Board Meetings	General Meetings
Liu Shihong (resigned with effect from 25 June 2015)	N/A	N/A	N/A	N/A	0/17	0/1
Gou Min (resigned with effect from 27 August 2015)	N/A	N/A	N/A	N/A	16/21	0/1
Zhang Xiaohua Connie (resigned with effect from 25 June 2015)	N/A	N/A	N/A	N/A	0/17	0/1
Ho Chun Chung, Patrick	2/2	4/4	4/4	1/1	24/28	1/2
Lee Kwong Yiu (appointed on 24 March 2015)	2/2	4/4	3/4	1/1	16/20	2/2
Wang Jinlin (appointed on 24 March 2015)	2/2	N/A	N/A	N/A	9/20	0/2
Chen Weixi (appointed on 8 March 2016)	N/A	N/A	N/A	N/A	N/A	N/A
Ng Ka Wing (appointed on 8 March 2016)	N/A	N/A	N/A	N/A	N/A	N/A
Zhang Jianxing (appointed on 24 March 2015 and resigned with effect from 21 September 2015)	0/1	N/A	N/A	N/A	4/14	0/1
Liang Zhong (appointed on 24 March 2015 and resigned with effect from 27 August 2015)	0/1	N/A	N/A	N/A	0/13	0/1

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive of the Company should be separate and should not be performed by the same individual. During the year ended 31 December 2015, the office of the chairman of the Company was vacant until Mr. Tin Kong was appointed as executive Director and chairman of the Board on 27 August 2015, but the office of the chief executive officer was vacated upon the resignation of Mr. Zhang Xiaofeng as the chief executive officer and executive Director on 4 March 2016. The Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

Under code provision A.2.7 of the CG Code, the chairman of board should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. After Mr. Tin Kong was appointed as executive Director and chairman of the Board on 27 August 2015, he held one meeting with independent non-executive directors without the executive directors present during the year ended 31 December 2015.

BOARD COMMITTEES

As at the date of this report, the Board has established four committees, namely, the audit committee (the "**Audit Committee**"), the nomination committee (the "**Nomination Committee**"), the remuneration committee (the "**Remuneration Committee**") and the internal control committee (the "**Internal Control Committee**") of the Company, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

Each Board committee consists of a majority of independent non-executive directors ("**INED**"). The list of the chairman and members of each Board committee as at the date of this report is set out below:

Audit Committee

Mr. Ho Chun Chung, Patrick *(Chairman) (INED)*
Mr. Lee Kwong Yiu *(INED)*
Mr. Wang Jinlin *(INED)*
Mr. Chen Weixi *(INED)*
Mr. Ng Ka Wing *(INED)*

Remuneration Committee

Mr. Ng Ka Wing *(Chairman) (INED)*
Mr. Tin Kong *(executive director)*
Mr. Ho Chun Chung, Patrick *(INED)*
Mr. Wang Jinlin *(INED)*
Mr. Chen Weixi *(INED)*

Nomination Committee

Mr. Tin Kong *(Chairman) (executive director)*
Mr. Ho Chun Chung, Patrick *(INED)*
Mr. Wang Jinlin *(INED)*
Mr. Chen Weixi *(INED)*
Mr. Ng Ka Wing *(INED)*

Internal Control Committee

Mr. Tin Kong *(Chairman) (executive director)*
Mr. Ho Chun Chung, Patrick *(INED)*
Mr. Wang Jinlin *(INED)*
Mr. Chen Weixi *(INED)*
Mr. Ng Ka Wing *(INED)*

The Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

AUDIT COMMITTEE

According to the Rule 3.21 of the Listing Rules, every listed issuer must establish an audit committee comprising non-executive directors only. The audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under rule 3.10(2). The majority of the audit committee members must be independent non-executive directors of the listed issuer. The audit committee must be chaired by an independent non-executive director.

The Company has re-established the Audit Committee on 24 March 2015. The latest terms of reference of the Audit Committee was adopted on 23 December 2015 in accordance with the new requirements of the CG Code. The Audit Committee currently comprises five independent non-executive Directors and the chairman of the Audit Committee has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The main duties of the Audit Committee include the following:

(a) To review the consolidated financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditors before submission to the Board.

(b) To review the relationship with the external auditors with reference to the work performed by the external auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee has, inter alia, reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including reviewing the annual financial information for the year ended 31 December 2015 and the interim financial information for the six months ended 30 June 2015.

The Group's consolidated financial statements for the year ended 31 December 2015 have been reviewed by the Audit Committee, who is of opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

NOMINATION COMMITTEE

According to the code provision A.5.1 of the CG Code, issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.

The Company has re-established the Nomination Committee on 24 March 2015 with its written terms of reference adopted on 24 April 2015. The Nomination Committee currently comprises four independent non-executive Directors and one executive Director, and was chaired by executive Director who is the Chairman of the Board.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes; identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships; assessing the independence of independent non-executive Directors; making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors.

The Nomination Committee has reviewed the structure, size and composition of the Board, assessed the independence of independent non-executive Directors and assessed the Board Diversity Policy.

The Nomination Committee formulated the board diversity policy of the Company (the "**Board Diversity Policy**"). The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board's composition, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee also monitors the implementation of the Board Diversity Policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under the Board Diversity Policy.

REMUNERATION COMMITTEE

Remuneration Policy for Directors and Senior Management

The remuneration payable to the employees includes salaries and allowances. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability, the Group may also provide a discretionary bonus to employees as an incentive for their contribution to the Group. The primary goal of the remuneration policy with regard to the remuneration packages of the executive Directors is to enable the Group to retain and motivate the executive Directors by linking their compensation with performance as measured against corporate objectives achieved. Each of the executive Directors is entitled to the remuneration packages including basic salaries and discretionary bonuses.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration, make recommendations to the Board on the remuneration of non-executive Directors and determine the remuneration packages of individual executive Directors and senior management.

The Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company will align and thereby the eligible persons with additional incentives to improve the Company's performance.

According to the Rule 3.25 of the Listing Rules, an issuer must establish a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors, and according to the Rule 3.26 of the Listing Rules, the board of directors must approve and provide written terms of reference for the remuneration committee which clearly establish its authority and duties.

The Company has re-established the Remuneration Committee on 24 March 2015 with its written terms of reference adopted on 24 April 2015. The Remuneration Committee currently comprises four independent non-executive Directors and one executive Director, and was chaired by independent non-executive Director.

The Remuneration Committee has reviewed the remuneration of the Directors and senior management.

Pursuant to Code Provision B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2015 is set out in note 34 to the consolidated financial statements.

COMPANY SECRETARY

According to the Rule 3.28 of the Listing Rules, the issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

The former company secretary Mr. Au Yeung Chi Hang, Jimmy held the position of Company Secretary for the period from 16 March 2015 to 6 March 2016. Mr. Chan Wei was appointed as the Company Secretary on 7 March 2016.

The company secretary supports the Board by ensuring information flow within the Board and that the Board policy and procedures are followed. The company secretary is responsible for advising the Board on the corporate governance matters and professional development of the Directors.

INTERNAL CONTROLS

The Company has established the Internal Control Committee with written terms of reference on 14 October 2015. The Internal Control Committee currently comprises four independent non-executive Directors and one executive Director, and was chaired by executive Director.

The principal responsibilities of the Internal Control Committee include evaluating and determining the nature and extent of the risks it is willing to take in achieving the company's strategic objectives, and ensuring that the company establishes and maintains sound appropriate and effective risk management and internal controls systems. The Committee should oversee management in the design, implementation and monitoring of the risk management and internal control systems.

The Board has overall responsibility for the systems of internal controls of the Company and for reviewing their effectiveness. The Board is committed to implementing effective and sound risk management and internal controls systems to safeguard the interest of shareholders and the Group's assets. The Board has delegated to executive management the implementation of the systems of risk management and internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2015.

The responsibilities of the external auditor with respect to financial reporting are set out in the section of "Independent Auditor's Report" on page 33.

AUDITOR'S REMUNERATION

For the year ended 31 December 2015, the total remuneration of the Group's auditor for statutory audit services was approximately HK$1,300,000. The Group also paid to the Group's auditor of approximately HK$313,000 for non-auditing services. Non-auditing services comprised the review of results announcements and unaudited interim financial statements of the Group and issuance of comfort letters in relation to the open offer circular, issuance of review report in relation to continuing connected transactions and performing agreed-upon procedures regarding financial information.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

(a) Procedures for requisitioning a special general meeting

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 to vote at general meetings of the Company may, by written requisition to the Board or the Company Secretary signed and deposited in accordance with the Bye-laws of the Company, Bermuda Companies Act 1981, require the Directors to call a special general meeting for the transaction of business specified in the requisition.

(b) **Communication with shareholders and investors**

General meetings of the Company provide a direct forum of communication between Shareholders and the Board. Shareholders are welcome to put forward enquiries to the Board or the management thereat and the Chairman of the Board, or in his absence, an executive Director, as well as chairmen of the Audit Committee, Nomination Committee, Remuneration Committee and Internal Control Committee, or in their absence, other members of the respective committees, and where applicable, the Independent Board Committee, will be commonly be present and available to answer questions and Shareholders may also contact the Company Secretary to direct their written enquiries.

The Company is committed to enhancing communications and relationships with its investors. Designated senior management maintains an open dialogue with institutional investors and analysts to keep them abreast of the Company's developments.

The Company also maintains a website at www.tessonholdings.com, where updates on the Company's business developments and operations, financial information and news can always be found. There was no significant change in the Company's constitutional documents.

CHANGE IN THE COMPANY'S NAME, STOCK NAME, LOGO AND WEBSITE

During the Year, the name of the Company had been changed from "Kith Holdings Limited (僑威集團有限公司)" to "Tesson Holdings Limited (天臣控股有限公司)", following the approval by the Shareholders by way of special resolution at the 2015 annual general meeting of the Company and received the Certificate of Incorporation on Change of Name of the Company was issued by the Registry of Companies in Bermuda on 30 June 2015.

The English stock short name of the Company has been changed from "KITH HOLDINGS" to "TESSON HOLDINGS", while the Chinese stock short name of the Company has been changed from "僑威集團" to "天臣控股", with effect from 30 July 2015. The logo of the Company has been changed to and the website of the Company had been changed from "www.kithholdings.com" to "www.tessonholdings.com", with effect from 30 July 2015.

CODE OF CONDUCT

The Company is committed to high standard of business ethics and integrity. A code of conduct is enforced on all employees of the Group. The employees at all levels are expected to act in an honest, diligent and responsible manner. No personal gifts or other forms of advantages from any person or organisation doing business with the Group can be accepted by any employee. Business partners and customers are reminded from time to time that its policy forbids any employee or agent of the Group from accepting any gift from them.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TESSON HOLDINGS LIMITED
(Formerly known as Kith Holdings Limited)
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Tesson Holdings Limited (Formerly known as Kith Holdings Limited) (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 35 to 88, which comprise the consolidated statement of financial position as at 31 December 2015, 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 a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company (the "**Directors**") are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

BASIS FOR QUALIFIED OPINION

Corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2014, which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was qualified because of the possible effects of the limitations in the scope of our audit, and details of which are set out in our audit report dated 26 March 2015. Any adjustments to the figures as concerned might have consequential effects on the Group's results and cash flows for the year ended 31 December 2014 and the related disclosures thereof in the consolidated financial statements.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matters as described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Pang Hon Chung
Practising Certificate Number P05988
Hong Kong, 31 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 HK$'000	2014 HK$'000
Continuing operation			
Revenue	7	**795,307**	758,687
Cost of sales		**(552,398)**	(520,397)
Gross profit		**242,909**	238,290
Other income	8	**13,052**	11,023
Distribution and selling expenses		**(4,414)**	(3,961)
Administrative expenses		**(147,315)**	(152,591)
Profit from operation		**104,232**	92,761
Impairment loss on trade receivable		**(8,014)**	(740)
Fair value changes on held-for-trading investments		**(25)**	3
Loss on disposal of available-for-sale financial assets		**–**	(7,364)
Restructuring costs		**(23,575)**	–
Gain on execution of the schemes of arrangement	10	**30,412**	–
Profit from operation		**103,030**	84,660
Finance costs	11	**(6,796)**	(6,120)
Profit before tax		**96,234**	78,540
Income tax	12	**(20,827)**	(15,656)
Profit for the year from continuing operation		**75,407**	62,884
Discontinued operation			
Profit for the year from discontinued operation	13	**–**	42,190
Profit for the year	14	**75,407**	105,074
Other comprehensive loss:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(47,116)**	(3,681)
Total comprehensive income for the year		**28,291**	101,393

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 HK$'000	2014 HK$'000
Profit for the year attributable to:			
Owners of the Company:			
From continuing operation		**28,248**	22,981
From discontinued operation		**–**	42,190
		28,248	65,171
Non-controlling interests:			
From continuing operation		**47,159**	39,903
		75,407	105,074
Total comprehensive income for the year attributable to:			
Owners of the Company		**988**	62,926
Non-controlling interests		**27,303**	38,467
		28,291	101,393
Earnings per share	*17*		
Basic and diluted (cents per share)			Restated
From continuing operation		**7.71**	8.75
From discontinued operation		**–**	16.06
From continuing and discontinued operation		**7.71**	24.81

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	18	**571,527**	561,458
Prepaid land lease payments	19	**46,080**	41,731
Deposits paid for acquisition of property, plant and equipment		**10,242**	22,457
Available-for-sale financial assets	20	**17,906**	5,679
		645,755	631,325
Current assets			
Inventories	21	**167,937**	147,999
Trade and other receivables, deposits and prepayments	22	**395,579**	265,495
Prepaid land lease payments	19	**560**	613
Held-for-trading investments		**415**	440
Bank and cash balances	23	**204,359**	53,702
		768,850	468,249
Current liabilities			
Trade and other payables	24	**184,171**	193,235
Tax payables		**7,086**	5,136
Dividend payable to non-controlling shareholders		**1,480**	1,677
Borrowings	25	**88,907**	489,706
Amount due to the single largest shareholder	26	**30,003**	5,000
		311,647	694,754
Net current assets/(liabilities)		**457,203**	(226,505)
Total assets less current liabilities		**1,102,958**	404,820
Non-current liabilities			
Amount due to a related company	26	**422,397**	–
Deferred tax liabilities	27	**35,509**	36,619
		457,906	36,619

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	Notes	2015 HK$'000	2014 HK$'000
NET ASSETS		**645,052**	368,201
Capital and reserves			
Share capital	28	**59,218**	26,145
Reserves	29(a)	**202,630**	(15,841)
Equity attributable to owners of the Company		**261,848**	10,304
Non-controlling interests		**383,204**	357,897
TOTAL EQUITY		**645,052**	368,201

The consolidated financial statements on pages 35 to 88 were approved and authorised for issue by the board of directors on 31 March 2016 and are signed on its behalf by:

Tin Kong
Director

Cheng Hung Mui
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company												
	Share capital	Capital redemption reserve	Share premium	Asset revaluation reserve	Enterprise expansion fund	Reserve fund	Other reserve	Capital reserve	Foreign currency translation reserve	Retained profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2014	26,145	624	74,215	41,739	47,701	30,016	79,143	(200)	121,123	(473,209)	(52,703)	323,717	271,014
Total comprehensive income for the year	–	–	–	–	–	–	–	–	(2,245)	65,171	62,926	38,467	101,393
Revaluation surplus released upon disposal of property, plant and equipment	–	–	–	(543)	–	–	–	–	–	543	–	–	–
Reversal of deferred tax liability upon release of revaluation surplus	–	–	–	81	–	–	–	–	–	–	81	28	109
Gain on deconsolidation of the discontinued liquidating subsidiaries	–	–	–	(34)	–	(4)	–	–	–	38	–	–	–
Dividends distributed to non-controlling interest of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(4,315)	(4,315)
Transfer to enterprise expansion reserve	–	–	–	–	21,696	–	–	–	–	(21,696)	–	–	–
At 31 December 2014	26,145	624	74,215	41,243	69,397	30,012	79,143	(200)	118,878	(429,153)	10,304	357,897	368,201
At 1 January 2015	26,145	624	74,215	41,243	69,397	30,012	79,143	(200)	118,878	(429,153)	10,304	357,897	368,201
Total comprehensive income for the year	–	–	–	–	–	–	–	–	(27,260)	28,248	988	27,303	28,291
Revaluation surplus released upon disposal of property, plant and equipment	–	–	–	(2,315)	–	–	–	–	–	2,315	–	–	–
Reversal of deferred tax liability upon release of revaluation surplus	–	–	–	354	–	–	–	–	–	–	354	191	545
Dividends distributed to non-controlling interest of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(2,187)	(2,187)
Transfer to enterprise expansion reserve	–	–	–	–	9,420	–	–	–	–	(9,420)	–	–	–
Issue of share under open offer	13,073	–	77,129	–	–	–	–	–	–	–	90,202	–	90,202
Issue of shares under specific mandate	20,000	–	140,000	–	–	–	–	–	–	–	160,000	–	160,000
At 31 December 2015	59,218	624	291,344	39,282	78,817	30,012	79,143	(200)	91,618	(408,010)	261,848	383,204	645,052

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	HK$'000	*HK$'000*
Cash flows from operating activities		
Profit before tax		
From continuing operation	**96,234**	78,540
From discontinued operations	**–**	42,190
Adjustments for:		
Finance costs	**6,796**	9,465
Interest income	**(401)**	(479)
Depreciation	**57,658**	59,358
Amortisation of prepaid land lease payments	**713**	672
Impairment loss on trade receivable	**8,014**	740
Loss on disposal of available-for-sale financial assets	**–**	7,364
Fair value changes on held-for-trading investments	**25**	3
Loss on disposal of property, plant and equipment	**4,390**	890
Gain on deconsolidation of the discontinued liquidating subsidiaries	**–**	(45,733)
Operating cash flows before working capital changes	**173,429**	153,010
Change in inventories	**(27,965)**	(11,499)
Change in trade and other receivables, deposits and prepayments	**(152,494)**	(7,819)
Change in loan receivables	**–**	811
Change in trade and other payables	**73,375**	(1,133)
Cash generated from operations	**66,345**	133,370
Interest received	**401**	479
Tax paid	**(19,164)**	(19,380)
Net cash generated from operating activities	**47,582**	114,469
Cash flows from investing activities		
Purchase of property, plant and equipment	**(105,827)**	(24,690)
Net cash outflow on deconsolidation of subsidiaries	**–**	(274)
Proceeds from disposal of available-for-sale financial assets	**–**	5,397
Proceeds from disposal of property, plant and equipment	**1,609**	475
Deposits paid for acquisition of property, plant and equipment	**(4,639)**	(20,915)
Purchase of available-for-sale financial asset	**(12,534)**	–
Net cash used in investing activities	**(121,391)**	(40,007)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	HK$'000	*HK$'000*
Cash flows from financing activities		
New short-term bank loans raised	**203,979**	148,178
Advances from the single largest shareholder	**25,003**	5,000
Net decrease in factoring loans	**–**	(148)
Repayment of bank loans	**(168,550)**	(178,761)
Repayment of obligation under finance lease	**–**	(16)
Interest on bank and other loans paid	**(6,796)**	(9,464)
Interest on finance lease paid	**–**	(1)
Dividends paid to non-controlling shareholders of subsidiaries	**(2,187)**	(44,696)
Proceeds from issue of shares under open offer	**90,202**	–
Proceeds from issue of shares under specific mandate	**160,000**	–
Repayment to a related company	**(82,724)**	–
Net cash generated from/(used in) financing activities	**218,927**	(79,908)
Net increase/(decrease) in cash and cash equivalents	**145,118**	(5,446)
Cash and cash equivalents at beginning of year	**53,702**	47,675
Effect of changes in foreign exchange rate	**5,539**	(754)
Cash and cash equivalents at end of year	**204,359**	41,475
Analysis of cash and cash equivalents		
Bank and cash balances	**204,359**	53,702
Bank overdrafts	**–**	(12,227)
	204,359	41,475

1. GENERAL INFORMATION

Tesson Holdings Limited (Formerly known as Kith Holdings Limited) (the "**Company**") was incorporated in Bermuda as an exempted company with limited liability. In the opinion of the directors of the Company (the "**Directors**"), the Company's single largest shareholder is Double Key International Limited (the "**Single Largest Shareholder**") a company incorporated in British Virgin Islands with limited liability. The address of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilto HM11, Bermuda and Room 1007, Tsim Sha Tsui Centre, West Wing, 66 Mody Road, Tsim Sha Tsui, Kowloon respectively. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and trading in the shares of the Company had been suspended since 18 December 2013. On 25 March 2015, all resumption conditions set out in the letter from the Stock Exchange dated 29 October 2014 have been fulfilled. The trading in the shares of the Company has been resumed on 27 March 2015. Further details of which are described in the Company's announcements dated 4 December 2014, 27 January 2015, 17 March 2015 and 25 March 2015.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively "**the Group**") were principally engaged in printing and manufacturing of packaging products (the "**Packaging Printing Business**"). The principal activities of the Company's subsidiaries are set out in note 35 to the consolidated financial statement.

As approved by shareholders of the Company at an extraordinary general meeting held on 25 June 2015 and by the Registrar of Companies in Bermuda on 30 June 2015, the name of the Company has been changed to "Tesson Holdings Limited" from "Kith Holdings Limited" and the dual Chinese name of the Company has been changed to "天臣控股有限公司" from "僑威集團有限公司". The English stock name of the Company for trading in its shares on the Stock Exchange has been changed to "TESSON HOLDINGS" from "KITH HOLDINGS" and its Chinese stock shares name has been changed to "天臣控股" from "僑威集團" with effect from 30 July 2015.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of those new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, except for property, plant and equipment and certain financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below. These consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of key assumptions and estimates. It also requires management to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 4 to the consolidated financial statements.

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

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, to determine whether it has control. 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 relating to that subsidiary and any related accumulated foreign currency translation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

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.

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 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.

Discontinued operations

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations", if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss and other comprehensive income, which comprises:

– The post-tax profit or loss of the discontinued operation; and

– The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

(a) 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.

(b) 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 values 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.

(c) Translation on consolidation

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 (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 the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (Continued)

(c) Translation on consolidation (Continued)

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.

Property, plant and equipment

Buildings comprise mainly factories and offices. Property, plant and equipment are carried at fair values, based on periodic valuations by external independent valuers, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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.

Revaluation increases of property, plant and equipment are recognised in profit or loss to the extent that the increases reverse revaluation decreases of the same asset previously recognised in profit or loss. All other revaluation increases are credited to the asset revaluation reserve as other comprehensive income. Revaluation decreases that offset previous revaluation increases of the same asset remaining in the asset revaluation reserve are charged against the asset revaluation reserve as other comprehensive income. All other decreases are recognised in profit or loss. On the subsequent sale or retirement of a revalued property, plant and equipment, the attributable revaluation increases remaining in the asset revaluation reserve is transferred directly to retained profits.

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

Buildings	Over the shorter of the term of the lease or 25 years
Plant and Machinery	4%-33%
Office equipment	20%
Motor vehicles	20%

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

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.

Operating leases

Leases that do not substantially transfer all the risks and rewards of ownership of assets to the Group 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.

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.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the 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 expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment 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.

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either investments classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in profit or loss.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other 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, 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 recognised in profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the 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.

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.

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 end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade and other payables

Trade and other payables are stated 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.

Equity instruments

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

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.

(a) Revenues from the trading and sales of manufactured goods 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.

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

(c) Dividend income is recognised when the shareholders' rights to receive payment are established.

Employee benefits

(a) 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 at the end of the reporting period.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (Continued)

(b) 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 in profit or loss represents contributions payable by the Group to the funds.

(c) 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.

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.

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Segment reporting

Operating segments and the amounts of each segment item reported in the consolidated financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of productions processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than investment, inventories and receivables, 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. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

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

(a) Deferred tax for withholding tax

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January, 2008 onwards. Deferred tax has been provided for in the consolidated financial statements in respect of the undistributed earnings of the Group's PRC subsidiaries to the extent that such earnings are estimated to be distributed in the foreseeable future. The Group is able to control the timing of the reversal of these temporary differences and it is probable that these temporary differences will not reverse in the foreseeable future.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

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) Property, plant and equipment and depreciation

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 or sold.

(b) 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 requires the use of judgement 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.

(c) 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 the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycles. The Group will reassess the estimates by the end of each reporting period.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate 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 minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities of Hong Kong dollars ("**HK$**") and Renminbi ("**RMB**"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade and other receivables. In order to minimise credit risk, the management review the recoverable amount of each individual receivable regularly to ensure that adequate impairment losses are recognised for irrecoverable receivable. In this regard, the management consider that the Group's credit risk is significantly reduced.

At the end of the reporting period, the Group had certain concentration of credit risk as approximately 42% (2014: 38%) and 82% (2014: 78%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities of the Group's financial liabilities at the end of the reporting period, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of reporting period and the earliest date the Group can be required to pay).

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

	Carrying amounts	Total contractual undiscounted cash flow			
		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2015					
Trade and other payables	**184,171**	**184,171**	**–**	**–**	**–**
Dividend payable to non-controlling shareholders	**1,480**	**1,480**	**–**	**–**	**–**
Short-term bank loans	**88,907**	**90,040**	**–**	**–**	**–**
Amount due to the single largest shareholder	**30,003**	**30,003**	**–**	**–**	**–**
Amount due to a related company	**422,397**	**–**	**54,912**	**154,597**	**567,701**
	726,958	**305,694**	**54,912**	**154,597**	**567,701**
31 December 2014					
Trade and other payables	193,235	193,235	–	–	–
Dividend payable to non-controlling shareholders	1,677	1,677	–	–	–
Bank overdrafts	12,227	12,227	–	–	–
Trust receipt loans	310,795	310,795	–	–	–
Short-term bank loans	89,220	90,803	–	–	–
Other loans	77,464	77,464	–	–	–
Amount due to the single largest shareholder	5,000	5,000	–	–	–
	689,618	691,201	–	–	–

(d) Interest rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's operating cash flows are substantially independent of changes in market interest rates. The Group's amount due to a related company and bank borrowings bear interests at fixed interest rates.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair values

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.

(f) Financial instruments by category

The carrying amounts of each of the category of the Group's financial instruments at the end of the reporting period are as follows:

	2015	2014
	HK$'000	*HK$'000*
Financial assets		
Financial assets at fair value through profit or loss, held-for-trading	**415**	440
Available-for-sale financial assets	**17,906**	5,679
Loans and receivables (including cash and cash equivalents)	**535,477**	301,192
Financial liabilities		
Financial liabilities at amortised cost	**722,399**	689,618

6. 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: 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.

6. FAIR VALUE MEASUREMENTS (CONTINUED)

Disclosures of level in fair value hierarchy:

	2015 Fair value measurements using: Level 1	2014 Fair value measurements using: Level 1
	HK$'000	*HK$'000*
Recurring fair value measurements:		
Financial assets at fair value through profit or loss		
Listed securities in Hong Kong	**415**	440

7. REVENUE

The Group's revenue arising from printing and manufacturing of packaging products for the year.

8. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Net exchange gains	**406**	–
Interest income	**401**	479
Government grants	**6,350**	6,631
Dividend income	**3,343**	945
Proceeds from disposal of scrap materials	**1,781**	1,849
Others	**771**	1,119
	13,052	11,023

9. SEGMENT INFORMATION

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies. During the year ended 31 December 2015 and 31 December 2014, the Group's revenue are derived from the segment of printing and manufacturing of packaging products.

The accounting policies of the operating segments are the same as those described in note 3 to the consolidated financial statements. Segment profits or losses do not include investment and other income, finance costs, restructuring costs, gain on execution of the schemes of arrangement, income tax and other unallocated corporate income and expenses. Segment assets do not include available-for-sale financial assets, held-for-trading investments, current and deferred tax assets, deposits paid for acquisition of property, plant and equipment, other receivable, bank and cash balances and other unallocated corporate assets. Segment liabilities do not include borrowings, amount due to a related company, current and deferred tax liabilities, and unallocated corporate liabilities. Segment non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

9. SEGMENT INFORMATION (CONTINUED)

Information about reportable segment profit or loss, assets and liabilities:

	Continuing operation	Discontinued operation	
	Printing and manufacturing of packaging products	Distribution of television business-related products	Total
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 December 2015:			
Revenue from external customers	**795,307**	**–**	**795,307**
Segment profit	**102,824**	**–**	**102,824**
Depreciation	**57,512**	**–**	**57,512**
Amortisation of prepaid land lease payments	**713**	**–**	**713**
Other material non-cash items:			
Impairment of trade receivables	**8,014**	**–**	**8,014**
Additions to segment non-current assets	**105,095**	**–**	**105,095**
At 31 December 2015:			
Segment assets	**1,199,992**	**–**	**1,199,992**
Segment liabilities	**177,321**	**–**	**177,321**
Year ended 31 December 2014:			
Revenue from external customers	758,687	–	758,687
Segment profit	106,040	42,190	148,230
Depreciation	59,358	–	59,358
Amortisation of prepaid land lease payments	672	–	672
Other material non-cash items:			
Impairment of trade receivables	740	–	740
Additions to segment non-current assets	24,690	–	24,690
At 31 December 2014:			
Segment assets	1,090,934	–	1,090,934
Segment liabilities	146,602	–	146,602

9. SEGMENT INFORMATION (CONTINUED)

Reconciliations of profit or loss from continuing operation:

	2015	2014
	HK$'000	*HK$'000*
Profit or loss:		
Total profit of reportable segments	**102,824**	106,040
Other income	**13,052**	11,023
Restructuring costs	**(23,575)**	–
Gain on execution of the schemes of arrangement	**30,412**	–
Corporate and unallocated loss	**(19,683)**	(32,403)
Consolidated profit from operation	**103,030**	84,660

Reconciliations of reportable segments' assets and liabilities:

	2015	2014
	HK$'000	*HK$'000*
Assets:		
Total assets of reportable segments	**1,199,992**	1,090,934
Corporate and unallocated assets:		
Available-for-sale financial assets	**17,906**	5,679
Held-for-trading investments	**415**	440
Other receivable	**63,019**	1,647
Bank and cash balances	**130,368**	486
Others	**2,905**	388
Consolidated total assets	**1,414,605**	1,099,574
Liabilities:		
Total liabilities of reportable segments	**177,321**	146,602
Corporate and unallocated liabilities:		
Borrowings	**88,907**	489,706
Tax liabilities	**7,086**	5,136
Deferred tax liabilities	**35,509**	36,619
Amount due to a related company	**422,397**	–
Others	**38,333**	53,310
Consolidated total liabilities	**769,553**	731,373

9. SEGMENT INFORMATION (CONTINUED)

Geographical information:

All the Group's revenue are derived from the People's Republic of China (the "**PRC**").

Information about revenue from the Group's two (2014: two) customers from the Group's segment of printing and manufacturing of packaging products individually contributing over 10% of total revenue of the Group as follows:

	2015	2014
	HK$'000	*HK$'000*
Customer A	**217,096**	214,126
Customer B	**136,380**	74,329

In presenting the geographical information, revenue is based on the locations of the customers. At the end of the reporting period, the non-current assets of the Group were located as follows:

	2015	2014
	HK$'000	*HK$'000*
Non-current assets:		
Hong Kong	**932**	1,422
PRC	**626,917**	624,224
	627,849	625,646

10. GAIN ON EXECUTION OF THE SCHEMES OF ARRANGEMENT

The Group's gain of approximately HK$30,412,000 on the execution of the schemes of arrangement represented the net distribution attributable to the Group from the execution of the arrangement of certain debts compromise, waiver and settlement in accordance with the terms of the schemes.

11. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest expenses on borrowings		
– Interest on bank loans	**6,796**	9,464
– Finance leases charges	**–**	1
	6,796	9,465
Representing:		
Continuing operation	**6,796**	6,120
Discontinued operation *(note 13)*	**–**	3,345
	6,796	9,465

12. INCOME TAX

	2015	2014
	HK$'000	*HK$'000*
PRC Enterprise Income Tax for the year	**20,086**	21,296
Under-provision of PRC Enterprise Income Tax	**1,306**	–
	21,392	21,296
Deferred tax *(note 27)*	**(565)**	(5,640)
	20,827	15,656

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the years presented.

According to the Law of the PRC on Enterprise Income Tax, the tax rate for certain PRC subsidiaries of the Company is 25% from 1 January 2008 onwards. Yunnan Qiaotong Package Printing Company Limited, a PRC subsidiary of the Company is qualified for tax benefit of China's Western Campaign and is entitled to a preferential PRC Enterprise Income Tax rate of 15% from year 2013 to 2020, which is approved by the tax authorities in 2013.

12. INCOME TAX (CONTINUED)

The reconciliation between the income tax and the profit before tax are as follows:

	2015	2014
	HK$'000	*HK$'000*
Profit before tax from continuing operation	**96,234**	78,540
Notional tax on profit before tax calculated at the PRC statutory rate	**24,059**	19,635
Tax effect of non-taxable income	**(7,904)**	(3,408)
Tax effect of non-deductible expenses	**6,394**	4,234
Tax effect of utilisation of tax losses not previously recognised	**–**	(2,794)
Effect of different tax rates in other tax jurisdictions	**(6,781)**	(2,011)
Under-provision in respect of prior years	**1,306**	–
Deferred tax charge on dividend withholding tax	**3,753**	–
Income tax for the year (relating to continuing operation)	**20,827**	15,656

13. DISCONTINUED OPERATION

The Group had ceased its distribution business since May 2013. The Group has decided to discontinue its distribution business in order to reserve more resources to focus on the Group's core profitable Packaging Printing Business.

(a) The loss for the year from discontinued operation is analysed as follows:

		2014
	Notes	*HK$'000*
Loss of discontinued operation	13(b)	(3,543)
Gain on deconsolidation of the discontinued liquidating subsidiaries	13(c)	45,733
		42,190

13. DISCONTINUED OPERATION (CONTINUED)

(b) The results of the discontinued operation for the year, which have been included in consolidated profit or loss, were as follows:

	2014 *HK$'000*
Administrative expenses and loss from operation	(198)
Finance costs	(3,345)
Loss before tax	(3,543)
Income tax	–
Loss for the year from the discontinued operation	(3,543)

(c) On 20 August 2014, at the respective shareholder's meeting, a special resolution was duly passed to wind up Kith Electronics Limited and Kith Resources Limited, two wholly-owned subsidiaries of the Company by way of creditors' voluntary liquidation, details are set out in the Company's announcement dated 21 August 2014. Another two wholly-owned subsidiaries of the Company, Kith Consumer Product Inc. and 僑威華電科技(深圳)有限公司 were deconsolidated on the same day. The Directors considered that the Group had lost control over those subsidiaries. The results, assets and liabilities, and cash flows of these subsidiaries were deconsolidated from the consolidated financial statements of the Group with effect from 20 August 2014.

	2014 *HK$'000*
Net liabilities of the subsidiaries deconsolidated on 20 August 2014 were as follows:	
Bank and cash balances	(274)
Trade payables	36,894
Other payables	7,358
Accrued financial expenses	17
Tax payables	1,697
Foreign currency translation reserve	41
Gain on deconsolidation of the discontinued liquidating subsidiaries	45,733

Net cash outflow on deconsolidation of the discontinued liquidating subsidiaries is set out below:

Cash and bank equivalent balances deconsolidated:	
Bank and cash balances	274

13. DISCONTINUED OPERATION (CONTINUED)

The net cash outflows incurred by the operation in distribution business are as follows:

	2014
	HK$'000
Operating activities	(198)
Investing activities	(274)
Financing activities	(3,345)
Net cash outflows	(3,817)

14. PROFIT FOR THE YEAR

The Group's profit for the year from continuing operation is stated after charging the following:

	2015	2014
	HK$'000	*HK$'000*
Auditor's remuneration	**1,300**	1,450
Cost of inventories sold	**552,398**	520,397
Depreciation	**57,658**	59,358
Amortisation of prepaid land lease payments	**713**	672
Minimum lease payments under operating leases in respect of office premises	**1,578**	1,096
Impairment on trade receivables	**8,014**	740
Loss on disposal of property, plant and equipment	**4,390**	890
Loss on disposal of available-for-sale financial assets	**–**	7,364
Staff costs (including directors' remuneration – *note 15*):		
Salaries, bonus and allowances	**116,108**	98,267

15. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

The emoluments of each Director were as follows:

	Notes	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Retirement benefits scheme contributions *HK$'000*	Total *HK$'000*
Executive Directors:					
Ms. Cheng Hung Mui		**152**	**–**	**–**	**152**
Mr. Zhang Xiao Feng		**152**	**588**	**26**	**766**
Mr. Tin Kong	*1*	**62**	**158**	**11**	**231**
Mr. Chen, Dekun	*2*	**93**	**330**	**–**	**423**
Mr. Zhou Jin		**155**	**393**	**–**	**548**
Mr. Tao Fei Hu		**146**	**756**	**–**	**902**
Mr. Wang Feng Wu	*3*	**136**	**192**	**–**	**328**
Mr. Liu Qing Chang	*4*	**59**	**–**	**–**	**59**
Mr. Liu Shi Hong	*4*	**59**	**–**	**–**	**59**
Mr. Wei Ren	*4*	**59**	**–**	**–**	**59**
Non Executive Directors:					
Mr. Gou Min	*5*	**134**	**–**	**–**	**134**
Ms. Zhang Xiaohua Connie	*4*	**59**	**–**	**–**	**59**
Independent Non Executive Directors:					
Mr. Ho Chun Chung Patrick		**192**	**–**	**–**	**192**
Mr. Lee, Kwong Yiu	*6*	**179**	**–**	**–**	**179**
Mr. Liang, Zhong	*5*	**121**	**–**	**–**	**121**
Mr. Wang, Jinlin	*6*	**139**	**–**	**–**	**139**
Mr. Zhang, Jianxing	*7*	**134**	**–**	**–**	**134**
Total for the year ended 31 December 2015		**2,031**	**2,417**	**37**	**4,485**

15. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (CONTINUED)

	Notes	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Retirement benefits scheme contributions *HK$'000*	Total *HK$'000*
Executive Directors:					
Ms. Cheng Hung Mui	*8*	92	–	–	92
Mr. Zhang Xiao Feng	*8*	92	–	–	92
Mr. Zhou Jin		200	154	–	354
Mr. Wang Feng Wu		120	144	–	264
Mr. Tao Fei Hu		150	278	–	428
Mr. Wei Ren	*8*	92	–	–	92
Mr. Liu Qing Chang	*8*	92	–	–	92
Mr. Liu Shi Hong	*8*	92	–	–	92
Mr. Hui King Chun, Andrew	*9*	–	636	8	644
Mr. Hui Bin Long	*9*	93	–	–	93
Non-executive Directors:					
Mr. Gou Min	*8*	92	–	–	92
Ms. Zhang Xiaohua Connie	*8*	92	–	–	92
Independent Non-executive Directors:					
Mr. Ho Chun Chung Patrick	*8*	92	–	–	92
Mr. Lai Can Hui	*10*	15	–	–	15
Mr. Ng Chi Yeung	*11*	100	–	–	100
Mr. Tam Yuk Sang	*11*	150	–	–	150
Total for the year ended 31 December 2014		1,564	1,212	8	2,784

Notes:

1 Appointed as a director on 27 August 2015
2 Appointed as a director on 25 June 2015
3 Resigned as a director on 21 September 2015
4 Retired as a director on 25 June 2015
5 Resigned as a director on 27 August 2015
6 Appointed as a director on 24 March 2015
7 Appointed as a director on 24 March 2015 and resigned as a director on 21 September 2015
8 Appointed as a director on 27 June 2014
9 Removed as a director on 27 June 2014
10 Appointed as a director on 27 June 2014 and resigned as a director on 31 July 2014
11 Resigned as a director on 1 July 2014

15. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (CONTINUED)

The five highest paid employees during the year included two (2014: one) director(s), details of whose remuneration are set out in information above. Details of the remuneration of the remaining three (2014: four) non-directors, highest paid employees for the year are as follows:

	2015	2014
	HK$'000	*HK$'000*
Salaries and other benefits	**2,381**	1,612
Retirement benefits scheme contributions	**51**	40
Compensation for loss of office	**–**	1,511
	2,432	3,163

The number of non-directors, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2015	2014
Emolument band:		
HK$nil – HK$1,000,000	**2**	4
HK$1,000,001 – HK$1,500,000	**1**	–

During the years ended 31 December 2015 and 2014, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join the Group or as compensation for loss of office other than those disclosed above. In addition, during the years ended 31 December, 2015 and 2014, no directors waived any emoluments.

16. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2015 (2014: nil).

17. EARNINGS PER SHARE

(a) From continuing and discontinued operations

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year of approximately HK$28,248,000 (2014: HK$65,171,000) attributable to owners of the Company and the weighted average number of 366,316,940 (2014: 262,704,574 ordinary shares, as adjusted to reflect the impact of open offer on 18 March 2015) ordinary shares in issue during the year.

Diluted earnings per share

No diluted earnings per share is presented, as the Company did not have any outstanding dilutive potential ordinary shares during both years.

(b) From continuing operation

Basic earnings per share

The calculation of basic earnings per share from continuing operations attributable to owners of the Company is based on the profit for the year of approximately HK$28,248,000 (2014: HK$22,981,000) attributable to owners of the Company and the denominator used is the same as that detailed above for basic earnings per share.

Diluted earnings per share

No diluted earnings per share is presented, as the Company did not have any outstanding dilutive potential ordinary shares during both years.

(c) From discontinued operation

Basic earnings per share

The calculation of basic earnings per share from discontinued operation attributable to owners of the Company is based on the profit for the year of approximately HK$nil (2014: HK$42,190,000) attributable to owners of the Company and the denominator used is the same as that detailed above for basic earnings per share.

Diluted earnings per share

No diluted earnings per share is presented, as the Company did not have any outstanding dilutive potential ordinary shares during both years.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Motor vehicles	Office equipment	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Valuation						
At 1 January 2014	136,365	449,732	4,010	10,959	–	601,066
Currency realignment	(817)	(2,041)	(45)	(24)	–	(2,927)
Additions	985	7,154	1,079	1,516	13,956	24,690
Disposals	–	(1,949)	(90)	(54)	–	(2,093)
At 31 December 2014 and 1 January 2015	136,533	452,896	4,954	12,397	13,956	620,736
Currency realignment	(9,212)	(23,498)	(605)	(412)	(3,841)	(37,568)
Additions	412	23,445	1,481	2,019	78,470	105,827
Disposals	–	(4,550)	(978)	(203)	(412)	(6,143)
At 31 December 2015	127,733	448,293	4,852	13,801	88,173	682,852
Accumulated depreciation and impairment						
At 1 January 2014	–	–	–	–	–	–
Currency realignment	3	11	1	1	–	16
Charge for the year	11,585	44,553	2,057	1,163	–	59,358
Disposals	–	(87)	–	(9)	–	(96)
At 31 December 2014 and 1 January 2015	11,588	44,477	2,058	1,155	–	59,278
Currency realignment	(1,081)	(4,044)	(191)	(151)	–	(5,467)
Charge for the year	11,457	41,653	2,093	2,455	–	57,658
Disposals	–	(52)	–	(92)	–	(144)
At 31 December 2015	21,964	82,034	3,960	3,367	–	111,325
Carrying amounts						
At 31 December 2015	105,769	366,259	892	10,434	88,173	571,527
At 31 December 2014	124,945	408,419	2,896	11,242	13,956	561,458

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Had all the categories of the Group's property, plant and equipment, other than construction in progress, been carried at cost less accumulated depreciation, the carrying values of property, plant and equipment would have been stated as follows:

	2015			2014		
	Cost	**Accumulated depreciation**	**Carrying values**	Cost	Accumulated depreciation	Carrying values
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Buildings	**144,555**	**52,894**	**91,661**	143,570	42,812	100,758
Plant and machinery	**606,972**	**279,329**	**327,643**	599,818	242,674	357,144
Motor vehicles	**21,965**	**21,661**	**304**	20,886	19,819	1,067
Office equipment	**37,740**	**36,491**	**1,249**	36,224	34,331	1,893
	811,232	**390,375**	**420,857**	800,498	339,636	460,862

19. PREPAID LAND LEASE PAYMENTS

	2015	2014
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Non-current asset	**46,080**	41,731
Current asset	**560**	613
	46,640	42,344

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
	HK$'000	*HK$'000*
Unlisted investments:		
– Investments outside Hong Kong *(note)*	**17,906**	5,679

Note: The unlisted investments outside Hong Kong represent an investment in a local bank. The investments are measured at cost less accumulated impairment at the end of the reporting period as the directors of the Company are of the opinion that their fair values cannot be measured reliably.

21. INVENTORIES

	2015	2014
	HK$'000	*HK$'000*
Raw materials	**118,907**	114,026
Work in progress	**19,017**	15,628
Finished goods	**30,013**	18,345
	167,937	147,999

22. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**315,511**	254,973
Less: impairment losses	**(19,593)**	(10,983)
	295,918	243,990
Bills receivables	**17,921**	5,832
Down payment in relation to a possible acquisition of restructuring debt of a target company	**53,717**	–
Prepayment, deposits and other receivables	**28,023**	15,673
	395,579	265,495

Trade and bills receivables

The aging of bills receivables at the end of reporting period are falling within 60 days.

The Group allows an average credit period of 30 to 60 days to its trade customers. The following is an aging analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period.

	2015	2014
	HK$'000	*HK$'000*
0 to 60 days	**267,649**	234,950
61 to 90 days	**16,611**	8,307
Over 90 days	**11,658**	733
	295,918	243,990

22. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Impairment of trade receivables

The movements in impairment losses of trade receivables are as follows:

	2015	2014
	HK$'000	*HK$'000*
At beginning of the reporting period	**10,983**	623,497
Deconsolidation of the discontinued liquidating subsidiaries	**–**	(613,254)
Impairment losses recognised	**8,014**	740
Amounts written off	**(41)**	–
Currency realignment	**637**	–
At the end of the reporting period	**19,593**	10,983

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of approximately HK$19,593,000 (2014: HK$10,983,000) which are due to long outstanding/or default of payments. The Group does not hold any collateral over these balances. Impaired amounts were directly written off against trade receivables when there was no expectation of recovering any amount.

Trade receivables that are not impaired

The aging analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**245,946**	231,226
Less than 60 days past due	**48,059**	12,031
Over 60 days past due	**1,913**	733
	295,918	243,990

Trade receivables that were not past due relate to a wide range of customers who has no recent history of default. The Group does not hold any collateral over these balances.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

23. BANK AND CASH BALANCES

At the end of reporting period, the bank and cash balances of Group denominated in Renminbi ("**RMB**") amounted to approximately HK$171,232,000 (2014:HK$52,264,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

Bank balances carry average interest rate of 0.01% (2014: 0.01%) per annum.

24. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**91,585**	135,074
Bills payable	**12,232**	–
Accruals and other payables	**80,354**	58,161
	184,171	193,235

The aging of bills payable at the end of reporting period are falling within 60 days.

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

	2015	2014
	HK$'000	*HK$'000*
0 to 60 days	**74,113**	82,368
61 to 90 days	**5,150**	3,241
Over 90 days	**12,322**	49,465
	91,585	135,074

Upon the schemes of arrangement being effective on 18 March 2015, trade and other payables of approximately HK$71,960,000, all the schemes claims and liabilities, against the Company and its subsidiary, Ever Honest Industries Limited, (collectively "**the Restructured Debts**") have been transferred as payable to Cloud Apex Global Limited (the "**Scheme Company**") (see note 26 below).

25. BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Bank overdrafts	–	12,227
Bank loans	**88,907**	89,220
Trust receipt loans	–	310,795
Other loans	–	77,464
	88,907	489,706
Analysed as:		
Secured	–	30,000
Unsecured	**88,907**	459,706
	88,907	489,706

Upon the schemes of arrangement being effective on 18 March 2015, the borrowings of approximately HK$433,161,000 in relation to the Restructured Debts have been transferred as payable to the scheme company (see note 26 below).

The effective interest rates per annum at the end of the reporting period were as follows:

	2015	2014
Bank overdrafts	–	4.2% – 14.8%
Short-term bank loans:		
variable-rate	–	4.84% – 8.3%
fixed-rate	**4.11% – 5.74%**	–

At 31 December 2014, bank loans of approximately HK$13,000,000 were guaranteed by the Government of the Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme, and other loan of approximately HK$9,000,000 was secured by a property held by a company controlled by an ex-director, Mr. Hui King Chun, Andrew.

26. AMOUNT DUE TO THE SINGLE LARGEST SHAREHOLDER/AMOUNT DUE TO A RELATED COMPANY

The amount due to the single largest shareholder is unsecured, non-interest bearing and has no fixed repayment terms.

Upon the schemes of arrangement being effective on 18 March 2015, the restructured debts of approximately HK$505,121,000 (including trade and other payables of approximately HK$71,960,000 and borrowings of approximately HK$433,161,000) have been transferred as payable to the scheme company which was initially owned by the schemes administrator. On 17 July 2015, the schemes administrator has transferred its entire issued share capital in the scheme company to the Company's single largest shareholder upon execution of the principal terms of the schemes of arrangement and the amount payables to scheme company has been reclassified as amount due to a related company since then.

The amount due to a related company is unsecured, interest bearing starting from 1 July 2016 up to a cap of 8% per annum. The amount due to a related company, together with the related interests thereon, has been initially scheduled to be repayable by annual equal instalments from 30 June 2017 to 30 June 2036. The Company, at its discretion, may either make early repayment or request to defer repayment in accordance with the initial repayment schedule if the Company does not have sufficient funds or if such deferral of repayment is agreed between the Company and the related company. As such, in the opinion of the Directors, the amount due to the related company at the end of the reporting period shall not be repayable within one year.

27. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group.

	Revaluation of property, plant and equipment	Depreciation allowances in excess of related of PRC tax depreciation	Undistributed earnings of subsidiaries	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2014	12,418	26,658	2,584	708	42,368
– Credited to consolidated statement of profit or loss	–	(4,972)	–	(668)	(5,640)
– Credited to equity for the year	(109)	–	–	–	(109)
At 31 December 2014 and 1 January 2015	12,309	21,686	2,584	40	36,619
– (Credited)/charged to consolidated statement of profit or loss	–	(4,318)	3,753	–	(565)
– Credited to equity for the year	(545)	–	–	–	(545)
At 31 December 2015	11,764	17,368	6,337	40	35,509

At the end of the reporting period, subject to the agreements with the tax authority, the Group has unused tax losses of approximately HK$76,488,000 (2014: HK$70,894,000) for subsidiaries incorporated in Hong Kong available for offset against future profits of approximately approximately HK$76,488,000 (2014: HK$70,894,000) and such tax losses may be carried forward indefinitely. No deferred tax asset has been recognised for these tax losses due to the unpredictability of future profit streams of those subsidiaries.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January, 2008 onwards. Deferred tax has been provided for in the consolidated financial statements in respect of the undistributed earnings of the Group's PRC subsidiaries to the extent that such earnings are estimated to be distributed in the foreseeable future. At the end of the reporting period, the aggregate amount of the undistributed earnings of the Group's PRC subsidiaries which the corresponding deferred taxation has not been provided for in the consolidated financial statements amounted to approximately HK$118,836,000 (2014: HK$115,740,000), as the Group is able to control the timing of the reversal of these temporary differences and it is probable that these temporary differences will not reverse in the foreseeable future.

28. SHARE CAPITAL

	Number of shares	*HK$'000*
Authorised:		
Ordinary shares of HK$0.10 each		
At 31 December 2014 and 2015	1,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each		
At 31 December 2014 and 1 January 2015	261,453,600	26,145
Open offer *(Note 1)*	130,726,800	13,073
Issue of shares under specific mandate *(Note 2)*	200,000,000	20,000
At 31 December 2015	592,180,400	59,218

Notes:

(1) Completion of the open offer took place on 18 March 2015 pursuant to which 130,726,800 offer shares were issued under the open offer on the basis of one offer share for every two shares held by the qualifying shareholders at the subscription price of HK$0.69 per offer share. Accordingly, the Company's issued share capital was increased by approximately HK$13,073,000 and its share premium account was increased by approximately HK$77,129,000, total proceeds before the expenses were approximately HK$90,202,000.

(2) Completion of the share subscription took place on 30 December 2015 pursuant to which 200,000,000 subscribe shares were issued under the subscription agreement at the subscription price of HK$0.80 per subscribe share. Accordingly, the Company's issued share capital was increased by approximately HK$20,000,000 and its share premium account was increased by approximately HK$140,000,000, total proceeds before the expenses were approximately HK$160,000,000.

Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

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 Group may adjust the payment of dividends, issue new shares, buyback shares, raise new debts, redeem existing debts or sell assets to reduce debts.

29. RESERVES

(a) 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) Reserves of the Company

	Share premium	Capital redemption reserve	Contributed surplus	Retained profits/ Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2014	74,215	624	29,509	(429,934)	(325,586)
Loss for the year	–	–	–	178,334	178,334
At 31 December 2014	74,215	624	29,509	(251,600)	(147,252)
At 1 January 2015	74,215	624	29,509	(251,600)	(147,252)
Issue of share under open offer	77,129	–	–	–	77,129
Issue of shares under specific mandate	140,000	–	–	–	140,000
Profit for the year	–	–	–	(24,543)	(24,543)
At 31 December 2015	291,344	624	29,509	(276,143)	45,334

(c) Nature and purpose of reserves of the Group

(i) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

(ii) Capital redemption reserve

Capital redemption reserve arose from the reduction of the nominal value of the issued share capital of the Company upon the cancellation of the repurchased shares.

29. RESERVES (CONTINUED)

(c) Nature and purpose of reserves of the Group (Continued)

(iii) Capital reserve

Capital reserve represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation in 1998.

(iv) Contributed surplus

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of Kith Limited at the date on which it was acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation in 1998.

Under the Companies Act of Bermuda, the contributed surplus account of the Company is available for distribution. However the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

– it is, or would after the payment be, unable to pay its liabilities as they become due; or

– the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(v) Foreign currency translation reserve

The foreign currency translation 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 3 to the consolidated financial statements.

(vi) Asset revaluation reserve

Assets revaluation reserve has been set up and are dealt with in accordance with the accounting policies adopted for property, plant and equipment in note 3 to the consolidated financial statements.

30. SUMMARISED FINANCIAL POSITION OF THE COMPANY

	2015	2014
	HK$'000	*HK$'000*
Non-current assets		
Investments in subsidiaries	**44,089**	44,089
Current assets		
Amounts due from subsidiaries	**494,851**	358,018
Other receivables, deposits and prepayments	**757**	1,909
Bank and cash balances	**29,513**	266
	525,121	360,193
Current liabilities		
Accruals and other payables	**803**	71,553
Amounts due to subsidiaries	**31,124**	15,674
Borrowings	**–**	438,162
Amount due to the single largest shareholder	**30,003**	–
	61,930	525,389
Net current assets/(liabilities)	**463,191**	(165,196)
Non-current liabilities		
Payable to a related company	**402,728**	–
NET ASSETS/(LIABILITIES)	**104,552**	(121,107)
Capital and reserves		
Share capital	**59,218**	26,145
Reserves	**45,334**	(147,252)
TOTAL EQUITY	**104,552**	(121,107)

31. CONTINGENT LIABILITIES

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (2014: Nil).

32. LEASE COMMITMENTS

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases in respect of certain office premises and machinery are analysed as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**807**	1,697
In the second to fifth year inclusive	**–**	1,263
	807	2,960

33. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	2015	2014
	HK$'000	*HK$'000*
Contracted but not provided for:		
– Property, plant and equipment	**58,984**	3,962
– Unpaid capital contribution for possible investment in a subsidiary	**23,272**	–
	82,256	3,962

34. RELATED PARTY TRANSACTIONS

Key management personnel remuneration

The emoluments of the Company's Directors, who are also identified as members of key management of the Group, are set out in Note 15.

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The table below lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the financial position of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Particulars of the Company's principal subsidiaries at the end of the reporting period are as follows:

Name	Place of incorporation/ registration	Issued/ paid-up capital	Percentage of the Company's indirect interest	Principal ownership activities
勁富投資有限公司 Gainful Investments Limited	Hong Kong	HK$4	100%	Investment holding
寶駿有限公司 Good Cheers Limited	Hong Kong	HK$4	100%	Investment holding
永發實業有限公司 Ever Honest Industries Limited	Hong Kong	HK$4	100%	Investment holding
哈爾濱高美印刷有限公司* Harbin Gaomei Printing Company Limited *#	The PRC	US$2,500,000	80%	Printing and manufacturing of packaging products
雲南僑通包裝印刷有限公司* Yunnan Qiaotong Package Printing Co. Ltd. *#	The PRC	US$38,000,000	60%	Printing and manufacturing of packaging products
安徽僑豐包裝印刷有限公司* Anhui Qiaofeng Package Printing Co. Ltd. *#	The PRC	US$9,380,000	54.8%	Printing and manufacturing of packaging products
昭通新僑彩印有限責任公司** Zhaotong Xinqiao Printing Co. Ltd. **#	The PRC	RMB6,200,000	60%	Printing and manufacturing of packaging products
天臣新能源(深圳)有限公司***^ Tesson New Energy (Shen Zhen) Limited ***#^	The PRC	RMB130,000,000	100%	Trading and manufacturing of lithium ion products

* These companies are sino-foreign equity joint ventures established in the PRC.

** The company is a limited liability company established in the PRC.

*** The company is a wholly foreign owned enterprises established in the PRC.

\# The English name is for identification purpose only

^ Newly-incorporated during the year

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

The Company directly holds the interest in Kith Limited. All other interests above are indirectly held by the Company.

None of the subsidiaries had any debt securities subsisting at the end of the reporting period or at any time during the reporting period.

The following table shows information of subsidiaries that have non-controlling interests ("**NCI**") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Yunnan Qiaotong Package Printing Co. Ltd. 雲南僑通包裝印刷有限公司^		Anhui Qiaofeng Package Printing Co. Ltd. 安徽僑豐包裝印刷有限公司	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Principal place of business and country of incorporation	**PRC**		**PRC**	
% of ownership interests and voting rights held by NCI	**40%**	40%	**45.2%**	45.2%
At 31 December:				
Non-current assets	**504,842**	538,768	**118,613**	147,135
Current assets	**478,272**	380,932	**82,154**	68,041
Current liabilities	**(225,344)**	(166,511)	**(36,174)**	(41,177)
Net assets	**757,770**	753,189	**164,593**	173,999
Accumulated NCI	**303,108**	301,276	**74,396**	78,648
Year ended 31 December:				
Revenue	**654,217**	597,012	**137,963**	148,384
Profit	**113,563**	95,385	**4,611**	4,107
Total comprehensive income	**74,547**	90,245	**(38)**	3,106
Profit allocated to NCI	**45,425**	38,154	**2,084**	1,856
Dividends distributed to NCI	**–**	–	**2,187**	4,315
Net cash generated from operating activities	**49,973**	96,359	**19,049**	35,400
Net cash used in investing activities	**(72,825)**	(62,563)	**(6,914)**	(1,402)
Net cash generated from/(used in) financing activities	**32,363**	(60,024)	**–**	(17,590)
Net increase/(decrease) in cash and cash equivalents	**9,511**	(26,228)	**12,135**	16,408

^ included its subsidiaries

36. EVENTS AFTER THE REPORTING PERIOD

The Group has the following events subsequent to the end of the reporting period.

(a) On 31 December 2015, the Group entered into an acquisition agreement with Shunqian Energy and Jinwen New Energy (the "**Vendor**"), pursuant to which the Group agrees to purchase and the Vendor agrees to sell the entire contributed capital of Shaanxi Leaders Battery Co., Limited, a company incorporated in PRC, being a wholly-owned subsidiary of the Vendor at a cash consideration of approximately RMB19,496,000 (approximately HK$23,272,000). The company is principally engaged in manufacturing and sale of lithium-ion batteries, battery packs, chargers and battery materials. The transaction was completed on 28 January 2016. Because the aforesaid acquisition was effected subsequent to end of the reporting period, it is not practicable to disclose further financial details about the acquisition; and

(b) On 15 January 2016, the Company entered into two purchase agreements with independent third parties in relation to the purchase of various machineries at consideration of approximately RMB30,960,000 (approximately HK$36,957,000) and approximately RMB32,800,000 (approximately HK$39,153,000). Further details of the above are described in the Company's announcements dated 15 January 2016.

37. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 31 March 2016.

天臣控股有限公司
Tesson Holdings Limited

Room 1007, Tsim Sha Tsui Centre West Wing , 66 Mody Road,
Tsim Sha Tsui, Kowloon, Hong Kong
香港九龍尖沙咀麼地道 66 號尖沙咀中心西翼 1007 室

Tel 電話： (852) 3520 3000
Fax 傳真： (852) 3520 3181
Website 網址： www.tessonholdings.com