TOP DYNAMIC

泰邦集團國際控股有限公司

Top Dynamic International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8327

ANNUAL REPORT 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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

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Corporate Profile

We are principally engaged in the assembly, packaging and sales of our self-manufactured discrete semiconductors with a primary focus on applications for smart consumer electronic devices, and trading of semiconductors sourced from third-party suppliers. The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 10 September 2014 and its shares was listed on GEM on 9 October 2015.

Our self-manufactured products are mainly used in consumer and industrial portable electronics such as mobile phones, display monitors, LED televisions, portable electronic equipment and power supplies manufactured by our customers who are mainly OEM/ODM manufacturers for well-known consumer electronic brands mainly in Korea and the PRC, and mainly encompass four categories of discrete semiconductors including diodes, transistors, rectifiers and transient voltage suppressors, which are assembled and packaged in a variety of packages. The Group also deploys the fourth generation discrete semiconductor packaging technology to manufacture ultra-small thin profile near chip scale leadframe DFN series packages.

Our strong reputation for our reliability and ability to provide high-quality products, value-added solution kits services and engineering solutions services, as well as comprehensive customer service has been a key contributor to our growth. With our technologically advanced production lines and strong technology expertise, we are able to offer customisable products which enable us to satisfy multiple end-market product requirements and the diverse specifications of our customers, which in turn contribute to our continued success.

We serve customers from different parts of the globe including the PRC, Hong Kong, Korea, Thailand, Vietnam, Taiwan, Japan, Europe and the United States, etc.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chow Hin Keong *(Chairman)*
Mr. Chow Hin Kok *(Chief Executive Officer)*

Independent Non-Executive Directors

Ms. Wong Sau Ying
Ms. Chan Mei Po
Ms. Man Oi Yuk Yvonne

COMPANY SECRETARY

Ms. Lam Yuk Yee *FCCA, HKICPA*

COMPLIANCE OFFICER

Mr. Chow Hin Kok

AUTHORISED REPRESENTATIVES

Mr. Chow Hin Keong
Ms. Lam Yuk Yee *FCCA, HKICPA*

AUDIT COMMITTEE

Ms. Man Oi Yuk Yvonne *(Chairperson)*
Ms. Wong Sau Ying
Ms. Chan Mei Po

REMUNERATION COMMITTEE

Ms. Wong Sau Ying *(Chairperson)*
Mr. Chow Hin Kok
Ms. Chan Mei Po
Ms. Man Oi Yuk Yvonne

NOMINATION COMMITTEE

Ms. Chan Mei Po *(Chairperson)*
Mr. Chow Hin Keong
Ms. Wong Sau Ying
Ms. Man Oi Yuk Yvonne

COMPLIANCE ADVISER

Celestial Capital Limited
21st Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

AUDITORS

SHINEWING (HK) CPA Limited
Certified Public Accountants
43rd Floor, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
China Construction Bank

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office A, 31st Floor
Billion Plaza II
10 Cheung Yue Street
Cheung Sha Wan
Kowloon
Hong Kong

HONG KONG LEGAL ADVISERS

Reed Smith Richards Butler
20th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

Corporate Information

SHARE REGISTRAR AND TRANSFER OFFICES

Principal share registrar

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Hong Kong branch share registrar

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

8327

WEBSITE OF THE COMPANY

www.topdynamicintl.com

Chairman's Statement

On behalf of the Board, I am pleased to present the audited financial results of the Group for the year ended 31 December 2015.

LISTING

On 9 October 2015, the Company was successfully listed on GEM. The Listing was encouraging and represents one big step forward for our Group.

BUSINESS OVERVIEW

We have achieved encouraging overall results in 2015. During the Period, the Group recorded a turnover of approximately HK$215.3 million for the year ended 31 December 2015, representing an increase of approximately 35.2% when compared to the previous year. Our total comprehensive income attributable to owners of the Company for the Period was approximately HK$21.5 million, representing an increase of approximately 32.7% when compared to the previous year. We achieved earnings per share of approximately 4.4 cents, representing an increase of approximately 46.7% when compared to the previous year based on the respective weighted average number of ordinary shares of the Company for the purpose of calculating earnings per share – please refer to note 13 to the financial statements of the Group for further detail.

We have also successfully expanded our customer base to the United States during the Period. With a view to further broadening our customer base and to enhance our brand recognition, we participated in product exhibitions including the IIC-China held in Shenzhen, the PRC in August/September 2015 and Global Sources Exhibitions held in Hong Kong in October 2015, which are trade shows targeting primarily participants in the electronics industry. Further discussions of the Group's business performance during the Period are set out in the section headed "Management Discussion and Analysis" in this report.

During the Period, the Group successfully deployed the fourth generation discrete semiconductor packaging technology and introduced its new product DFN0603, which is of a size of 0.61 mm × 0.32 mm × 0.3 mm and which carries a higher profit margin as compared to the Group's other product offerings. The Group has also expanded its existing production line for the manufacturing of its high-profit-margin DFN1006 products. In addition, in the fourth quarter of 2015, in light of customers' indication of demand and advance orders for SOT563 packages, we have pushed forward our SOT563 production line development plan and expect mass production run to commence in the first quarter of 2016. In order to achieve a higher gross profit margin, the Group continuously focuses more on its self-manufactured products than its trading products, to attain a higher overall gross profit margin.

BUSINESS OUTLOOK

In 2016, we will continue to further set up and develop the production line for our new DFN0603 and SOT563 products, and prepare for further expansion of our production facilities with a view to achieve further growth for the Group through increasing our production capacity for selected products, and offering new products to capture a wider customer base in the PRC, Hong Kong, and other overseas markets.

We also intend to maintain and continue to build the Group's knowledge base of designs and engineering solutions to expand the range of value-added services and strengthen the quality of products and services we deliver. To achieve this goal, we intend to increase the Group's investment in its engineering teams and to recruit additional experts as and when appropriate to enhance application and development capabilities so that it can offer the most efficient value-added services to its customers. The Group will also strengthen its inter-departmental cooperation to keep its product offerings and market intelligence up-to-date in order for its application and development engineers to develop and introduce new designs and engineering solutions that would help its customers to stay abreast of the latest developments in technology.

The competitive landscape in the market has generally remained consistent during the Period with that of 2014 and we have adhered to our existing business strategies and achieved an encouraging overall business growth from the previous year. However, in light of the recent economic and market uncertainties, we will adopt a prudent approach in implementing our expansion plans stated above and closely monitor the market with a view to reacting to market changes with appropriate countermeasures in the interests of the Company and our Shareholders.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to for the hard work of our staff, and the support of the Group from all our Shareholders and stakeholders.

Chow Hin Keong
Chairman

Hong Kong, 17 March 2016

Financial Highlights

	For the year ended 31 December 2015 HK$'000	2014 HK$'000
Turnover	**215,273**	159,323
Cost of sales	**(132,921)**	(116,422)
Gross profit	**82,352**	42,901
Other income	**1,623**	7
Selling and distribution costs	**(11,310)**	(5,457)
Administrative expenses	**(34,977)**	(15,654)
Profit before tax	**37,688**	21,797
Income tax expenses	**(11,137)**	(5,581)
Profit for the year	**26,551**	16,216
Other comprehensive (expense) income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange difference arising on translation of a foreign operation	**(5,008)**	27
Total comprehensive income for the year attributable to owners of the Company	**21,543**	16,243
Earnings per share		
– Basic and diluted *(HK cents)*	**4.41**	3.00

BUSINESS REVIEW

The shares of the Company were listed on GEM on 9 October 2015. The Group is principally engaged in the assembly, packaging and sales of its self-manufactured discrete semiconductors and trading of semiconductors sourced from third-party suppliers.

The Group's manufacturing business has exhibited encouraging growth when compared to the previous year, and in line with its established business strategy, an increasing portion of the Group's turnover was derived from sales of its self-manufactured products during the Period as compared to the same period of last year. We believe that there will continue to be a growing demand for packages with increased input/output density, smaller size and better heat dissipation characteristics. In light of such growing demand and the increasing utilisation of our SOT26 production line, we have acquired during the Period additional equipment to enhance the production lines for the production of our SOT26 packages, which are generally smaller in size and more cost competitive as compared to part of SOD series packages and carry a higher profit margin. The Group has also acquired additional machinery to further expand its existing DFN1006 production capacity during the Period.

During the Period, the Group has also continued to focus its efforts to deploy advanced fourth generation discrete semiconductor packaging technology to introduce the ultra-small thin profile near chip scale leadframe DFN series packages. The DFN series products are designed for light weight portable electronic devices such as mobile phones and tablets, where size and performance characteristics are critical. The Group successfully introduced its new product DFN0603 during the Period, which is of a size of 0.61 mm × 0.32 mm × 0.3 mm, being about half the size of our Group's existing DFN series products already in commercial production. This new product carries a higher profit margin as compared to the average profit margin of the Group's other product offerings. In light of customers' indication of demand and advance orders for SOT563 packages, we have also pushed forward our SOT563 production line development plan and expect mass production run to commence in the first quarter of 2016.

In addition to its manufacturing business, the Group continues to engage in trading business during the Period, primarily to complement its sales of self-manufactured products. The Group acts as a solution kits integrator and is engaged in trading of semiconductors that its customers specifically require but are not manufactured by the Group. In its capacity as a solution kits integrator, the Group sells the products sourced from third-party suppliers without modification along with its self-manufactured products to its customers as a package. The Group's value-added solution kits services aim to enable its customers to maximise their cost effectiveness, minimise their turnaround time and ensure the suitability of semiconductors for the customers' end-products.

The Group also continues to provide tailor-made engineering solutions services that cater for its customers' product design needs during the Period. Although the Group amortises its value-added engineering solutions services into the unit selling prices of its products and does not record them as separate sources of turnover, the Group believes that they have enabled it to create demand for its products. The Group believes that its understanding of its customers' needs and its ability to deliver high quality products and value-added solution kits services and engineering solutions services have been the key to its success in maintaining stable relationships with its existing customers and attracting new customers. The number of the Group's customers increased from 78 as at 31 December 2014 to 102 as at 31 December 2015.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The table below sets out our Directors' analysis by comparing the business objectives of the Group as set out in the Prospectus with the Group's achievement of these objectives up to 31 December 2015. These business objectives are in place with a view to generating long-term value to the Company and the Shareholders.

Business Objectives	Actual Business Progress up to 31 December 2015
1. Continue to increase sales of our self-manufactured products and penetrate markets with growth opportunities	Approximately 72.3% of our turnover for the year ended 31 December 2015 was derived from sale of self-manufactured products, representing an increase from 2014 where our self-manufactured products accounted for approximately 50.7% of our turnover for that year. In line with our expansion plan as disclosed in the Prospectus, we have acquired additional equipment to enhance the production lines for the production of our SOT26 packages, which are generally smaller in size and more cost competitive as compared to part of SOD series packages and carry a higher profit margin. In light of customers' indication of demand and advance orders for SOT563 packages, we have pushed forward our SOT563 production line development plan and expect mass production run to commence in the first quarter of 2016. The Group has also expanded its existing production lines for the manufacturing of its high-profit-margin DFN1006 products. We participated in product exhibitions including the IIC-China in August/September 2015 and Global Sources Exhibitions in October 2015 with a view to introducing our products and brands to potential customers. The number of the Group's customers increased from 78 as at 31 December 2014 to 102 as at 31 December 2015 and we have successfully expanded our customer base to the United States during the Period.
2. Continue to introduce technologically advanced products and diversify our presence in industries which we consider to have high potential	We have successfully introduced our new product DFN0603, which is of a size of 0.61 mm × 0.32 mm × 0.3 mm, about half the size of our Group's existing DFN series products already in commercial production, and carries a higher profit margin as compared to the average profit margin of the Group's other product offerings. We have also successfully developed our SOT563 products and are progressing our development plan with a view to commencing mass production run in the first quarter of 2016.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS *(Continued)*

Business Objectives	Actual Business Progress up to 31 December 2015
3. Continue to focus on value-added services to customers	While our staff count has remained generally stable throughout the Period, we have continued to review the performance of our existing engineering and quality management team and evaluate the need (and possible timeframe) for increasing our investment in our engineering and quality management team.
4. Continue to attract and retain top talent in the industry	While our staff count has remained generally stable throughout the Period, we have continued to review our staff performance vis-a-vis our current business scale and consider further recruitment as and when our management considers appropriate.

The principal risks and uncertainties in implementing our business strategies include the followings:

(i) if we are unable to obtain additional packaging equipment or facilities in a timely manner and at a reasonable cost, our competitiveness and future profitability could be adversely affected;

(ii) our production capacity may not correspond precisely to our production demands, and any significant increase in our idle or unutilised production capacity during any particular period could adversely affect our operating results in that period; and

(iii) we rely on the stable operation of our production facilities and there is no assurance that our production would be free of disruptions in the future.

In addressing these risks and uncertainties, we will take a cautious approach when considering new purchases of equipment and machinery and will only do so if and when we think it is in the interest of the Group to do so. We have also implemented a maintenance system for our facilities and equipment, which includes regular maintenance, and repairs and regular inspections of facilities and equipment. This allows us to operate our production lines at optimal levels. We carry out routine cleaning and maintenance of our equipment to enhance its useful life. We also conduct major annual maintenance works. Our maintenance system aims to maintain operational efficiency and high-quality control standards. We have not experienced any material or prolonged interruptions to our manufacturing process due to equipment or machinery failure during the Period.

The other risks and uncertainties incidental to the Group's business operations are detailed further in the Prospectus.

USE OF PROCEEDS FROM THE PLACING

Net proceeds in the amount of approximately HK$40.8 million were raised from the Placing. As at 31 December 2015, approximately HK$6.0 million from the net proceeds raised from the Placing has been applied towards the purchase of equipment for the expansion of the Group's production lines including that for our existing SOT26 and DFN1006 packages, and our new DFN0603 and SOT563 packages. Approximately HK$10.7 million from the net proceeds raised from the Placing has been applied towards the Group's working capital during the Period. The unused net proceeds have been placed as interest bearing deposits with licensed bank in Hong Kong.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2015, we recorded turnover of approximately HK$215.3 million (2014: approximately HK$159.3 million), representing an increase of approximately 35.2% when compared with the previous year. The increase in turnover was primarily attributable to the increase in sale of our self-manufactured products as a result of our continuous effort in expanding our customer base and production capacity during the Period.

Our turnover attributable to our self-manufactured products recorded a significant growth of approximately 92.8% from approximately HK$80.7 million for the year ended 31 December 2014 to approximately HK$155.6 million for the year ended 31 December 2015. The increase was primarily attributable to the expansion in our production capacity of our self-manufactured products and our expanded customer base.

Our turnover from trading of semiconductors sourced from third-party suppliers decreased by approximately 24.0% from approximately HK$78.6 million for the year ended 31 December 2014 to approximately HK$59.7 million for the year ended 31 December 2015. Such decrease reflects our business strategy to actively and gradually offer more self-manufactured products which generally carry a higher profit margin, and our customers' needs during the Period for more of our self-manufactured products than our trading products.

In terms of geographic coverage, the PRC and Korea remained our major target markets during the Period and they collectively accounted for approximately 74.3% of our total turnover for the year ended 31 December 2015 (2014: approximately 80.2%). Our turnover derived from sales in the PRC market and the Korean market were approximately HK$75.6 million (2014: approximately HK$69.5 million) and approximately HK$84.4 million (2014: approximately HK$58.2 million) respectively, representing an increase of approximately 8.8% and 45.0% when compared with the previous year. Our turnover from other Asian markets (i.e. Hong Kong, Thailand, Vietnam, Taiwan and Japan) has also increased by approximately 116.5% from approximately HK$20.6 million for the year ended 31 December 2014 to approximately HK$44.6 million for the year ended 31 December 2015. These reflect our continuous efforts in expanding our presence in these regions.

For the Period, approximately HK$125.3 million (2014: approximately HK$111.2 million) of our total turnover was derived from direct sales to customers whereas approximately HK$90.0 million (2014: approximately HK$48.1 million) was generated from customers referred by our third-party agent. These increases reflect our efforts in expanding our customer base during the Period.

FINANCIAL REVIEW *(Continued)*

Cost of Sales

In line with our increased turnover, our cost of sales for the Period was approximately HK$132.9 million, representing an increase of approximately 14.2% from approximately HK$116.4 million in respect of the year ended 31 December 2014. Such increase was primarily attributable to an increased consumption of raw materials and direct labour costs in line with our increased sales volume of our self-manufactured products over the Period.

Gross Profit and Gross Profit Margin

In line with our increased turnover, our gross profit for the Period was approximately HK$82.4 million, an increase by approximately 92.1% when compared with our gross profit of approximately HK$42.9 million for the year ended 31 December 2014. Our gross profit margin increased from approximately 26.9% for the year ended 31 December 2014 to approximately 38.3% for the year ended 31 December 2015, which reflects primarily the effects of our business strategy of focusing on offering more self-manufactured products to our customers, which generally carry a higher profit margin than our trading products sourced from third-party suppliers.

For the Period, the average gross profit margin of our self-manufactured products was approximately 47.0% (2014: approximately 39.8%). The increase reflects primarily the change in the product mix that we sold during the Period, where we have sold more products that carry a higher gross profit margin than that in 2014. The average gross profit margin for trading of products sourced from third-party suppliers for the Period was approximately 15.5% (2014: approximately 13.7%). Such difference is attributable to different product mix required by our customers from time to time.

Selling and Distribution Costs

Our selling and distribution costs for the Period was approximately HK$11.3 million, representing an increase of approximately 105.5% over the selling and distribution costs of approximately HK$5.5 million for the year ended 31 December 2014. The increase is primarily attributable to the increased commission paid to third-party agent, which is in line with the growth of our sale to customers referred by our third-party agent, as well as the increase in sales to overseas markets during the Period as compared to the previous year.

Administrative Expenses

Our administrative expenses for the Period was approximately HK$35.0 million, representing an increase of approximately 122.9% over the administrative expenses of approximately HK$15.7 million for the year ended 31 December 2014. The increase was primarily attributable to (i) increase in expenses in relation to the Listing incurred during the Period; (ii) increases in salaries and benefits expenses of managerial and staff costs recorded under administrative expenses; and (iii) amortisation of a trademark acquired by the Group during the Period.

Income Tax Expenses

Our income tax expenses for the Period was approximately HK$11.1 million, representing an increase by approximately 98.2% from approximately HK$5.6 million for the year ended 31 December 2014. Such increase in our income tax expenses was attributable to the increase in our profit for the Period.

FINANCIAL REVIEW *(Continued)*

Net Profit and Net Profit Margin

The Group's net profit for the Period was approximately HK$26.6 million, representing an increase by approximately 64.2% when compared to the net profit of the Group of approximately HK$16.2 million for the year ended 31 December 2014, which was in line with the Group's increased turnover during the Period.

Along with the increase in our net profit for the Period, our net profit margin (which is calculated by dividing our net profit for the relevant period by the turnover for the same period) has also increased from approximately 10.2% for the year ended 31 December 2014 to approximately 12.4% for the Period.

Liquidity and Financial Resources and Capital Structure

Prior to the Listing, the Group's operations had generally been financed by a combination of internally generated cash flows and advances from shareholders. Net proceeds in the amount of approximately HK$40.8 million were raised from the Placing, and during the period from the Listing up to 31 December 2015, the operations of the Group were funded by internally generated cash flows and net proceeds from the Placing.

The Group's outstanding capital commitments as at 31 December 2015 amounted to approximately HK$4.4 million (2014: approximately HK$1.5 million). Such commitments primarily related to purchase of equipment and machineries to expand the production capacity of the Group's production facilities, including the production lines for our new DFN0603 and SOT563 packages. Such outstanding commitments are expected to be funded by proceeds from the Placing.

As at 31 December 2015, the Group had no outstanding bank borrowings. Please refer to note 20 to the financial statements in this report for the ageing analysis in respect of the trade payables of our Group as at 31 December 2014 and 2015.

The Group's gearing ratio as at 31 December 2014 and 2015, which was calculated by dividing our total borrowings by our total equity as at those dates, was approximately 281.5% and nil respectively. The decrease in our gearing ratio as at 31 December 2015 was primarily attributable to the Loan Capitalisation.

Charges on Group Assets

As at 31 December 2015, an amount of approximately HK$5.0 million (2014: approximately HK$5.0 million) was pledged to a bank to secure short-term bank facilities granted to the Group.

FINANCIAL REVIEW *(Continued)*

Significant Investments/Material Acquisitions and Disposals

The Group had not made any significant investments or material acquisitions and disposals of subsidiaries during the Period save for the Reorganisation undertaken in preparation for the Listing, the particulars of which are set out in the section headed "History, Reorganisation and Group Structure" in the Prospectus.

Contingent Liabilities

As at 31 December 2015, the Group did not have any significant contingent liabilities.

Exposure to Fluctuations in Exchange Rates

We are exposed to foreign currency risks as several of our subsidiaries have foreign currency sales and purchases. For the years ended 31 December 2015 and 2014, approximately 76.5% and 72.8%, respectively, of our Group's sales were denominated in currencies other than the functional currency of the relevant Group entities making the sale, and approximately 24.0% and 11.1%, respectively, of purchases were not denominated in the relevant Group entities' functional currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at 31 December 2014 and 2015 are as follows:

	Assets As at 31 December		Liabilities As at 31 December	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
United States Dollars	**30,980**	26,300	**4,375**	4,520
Renminbi	**4,757**	7,786	**6,788**	–
HK$	**3,211**	–	**–**	–
	38,948	34,086	**11,163**	4,520

We currently do not have a foreign currency hedging policy. However, our Directors continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

FINANCIAL REVIEW *(Continued)*

Human Resources

As at 31 December 2015, we had a workforce of 244 full-time employees (including our two executive Directors but excluding our three independent non-executive Directors) of whom approximately 95.9% were employed in the PRC and approximately 4.1% in Hong Kong. The Group's staff costs (excluding contributions to pension schemes) for the years ended 31 December 2015 and 2014 amounted to approximately HK$23.3 million and HK$13.9 million, respectively. Our employees in Hong Kong are required to participate in the Mandatory Provident Fund scheme under which we are required to contribute a fixed percentage of the employees' payroll costs (up to a maximum of HK$1,500 per month) to the scheme. For the employees of our PRC subsidiary, we make contributions to various government sponsored employee benefit funds, including housing provident fund, basic pension insurance fund, basic medical insurance, unemployment insurance, maternity insurance and work related injury insurance funds in accordance with applicable PRC laws and regulations.

We generally recruit our employees from the open market. We actively pursue a strategy to recruit, develop and retain talented employees by (i) providing them with training programs on a regular basis to keep them abreast of their knowledge in the products we distribute, technology development and market conditions of the electronic industry; (ii) aligning employees' compensation and incentives with their performance; and (iii) providing them with a clear career path with opportunities for additional responsibilities and promotions.

Environmental Matters

While we are subject to the PRC environmental laws and regulations including the Environment Protection Law of the PRC, which govern a broad range of environmental matters, including air pollution, noise emissions, discharge of waste water and waste residues, we believe that our production process does not generate environmental hazards and does not otherwise have a significant adverse effect on the environment and that our environmental protection measures are adequate to comply with all applicable current local and national PRC regulations.

During the Period and to the best of the Directors' knowledge, we did not receive any complaint from our customers or any other parties in respect of any environmental protection issues, and we had not experienced any material environmental incidents arising from our manufacturing activities. During the Period, no material administrative sanctions or penalties were imposed upon us for the violation of environmental laws or regulations which had an adverse impact on our operations.

EXECUTIVE DIRECTORS

Mr. Chow Hin Keong

Mr. Chow Hin Keong, aged 52, is a co-founder of the Group, the Chairman of the Board and an executive Director. Mr. Chow Hin Keong is responsible for formulating the Group's overall strategic plans and overseeing its overall business development and policy-setting. He has also been a director of TD Int'l (BVI) since 30 November 2012 and director of TD Enterprises, TD Electronics and Top Empire since 29 December 2014. Mr. Chow Hin Keong is also a director and the sole shareholder of Platinum Dynamic, one of the controlling shareholders of the Company. Mr. Chow Hin Keong is the elder brother of Mr. Chow Hin Kok, who is an executive Director and the Chief Executive Officer of the Company.

Mr. Chow Hin Keong has over 25 years of experience in the semiconductor industry. Mr. Chow Hin Keong co-founded the Group in 2012 with Mr. Chow Hin Kok, his younger brother. Prior to the establishment of our Group, Mr. Chow Hin Keong founded SAG Components Sdn Bhd ("SAG"), a trading company in Malaysia in 1994 which is principally engaged in the trading of various electronic components including but not limited to semiconductors deploying second generation or below production technology, resettable fuses, speakers, and switches to markets such as Malaysia, Singapore and Indonesia. Mr. Chow Hin Keong worked for Goldentech Discrete Semiconductor Co., Ltd., an electronic components production company and acquired his first experience in the semiconductor industry through his then responsibilities in sales and marketing. Mr. Chow Hin Keong accumulated and gained further experience in the semiconductor industry during his service at SAG from 1994 to 2014 when he was primarily responsible for the operation, management and marketing of the trading of electronic components including semiconductor products. Mr. Chow Hin Keong obtained a degree of bachelor of arts in economics from Tunghai University, Taiwan in June 1988.

Mr. Chow Hin Kok

Mr. Chow Hin Kok, aged 49, is a co-founder of the Group, an executive Director and our Chief Executive Officer. Mr. Chow Hin Kok is responsible for overseeing the Group's business operations, its overall sales and marketing strategies and its engineering, production and product development. Mr. Chow Hin Kok co-founded the Group in 2012 with Mr. Chow Hin Keong, his elder brother. He has also been a director of TD Enterprises, TD Electronics, Top Empire since 2 January 2014, Dongguan Jia Jun since 21 April 2013, and TD Int'l (BVI) since 30 November 2012. Mr. Chow Hin Kok is also a director and the sole shareholder of Silver Dynamic, one of the controlling shareholders of the Company. Mr. Chow Hin Kok is the younger brother of Mr. Chow Hin Keong, who is the Chairman of the Board and an executive Director.

In 1995, Mr. Chow Hin Kok joined SAG, the Malaysian trading company founded by Mr. Chow Hin Keong, which is principally engaged in the sale of various electronic components, including but not limited to semiconductor products, first as its sales manager and subsequently as its sales director. During his service at SAG from 1995 and 2014, Mr. Chow Hin Kok was able to gain experience in the semiconductor industry as Mr. Chow Hin Kok was primarily responsible for the sales of electronic components including semiconductor products.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wong Sau Ying

Ms. Wong Sau Ying ("Ms. Wong"), aged 46, was appointed as an independent non-executive Director of our Company on 23 September 2015 and is responsible for providing independent opinion and judgment on the issues of strategy, performance, resources and standard of conduct of our Group.

Ms. Wong became an associate member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in October 1995, and a fellow member of the Association of Chartered Certified Accountants in November 2000. After graduating from City Polytechnic of Hong Kong (now known as the City University of Hong Kong) with a Bachelor's Degree in Accountancy in November 1992, she commenced her career working with Horwath & Company, an international audit firm. From 1993 to 1997, she worked at New Horizon Associates Ltd., a Hong Kong-based management consultancy company firstly as an accountant and subsequently as an Accounting Manager. She graduated in February 1999 with a Master's Degree in Business Administration at the University of Hull of the United Kingdom. In 1999, she joined the Hong Kong office of G4S (Hong Kong – Holding) Ltd (previously known as Jardine Securicor Ltd/Securicor Hong Kong Holdings Ltd/G4S Holdings (Hong Kong) Ltd), a multi-national security solutions service provider, firstly as its finance manager and subsequently as its finance director for the Hong Kong and Macau region. Apart from finance functions, she had a broad range of responsibilities during her employment with G4S including contract management, information technology, business support services and company secretarial functions. From June 2014 up to the present, she has been managing a group of companies with business in property investment, consultancy and management services, with accounting, taxation, company secretarial and other consultancy responsibilities.

Ms. Chan Mei Po

Ms. Chan Mei Po ("Ms. Chan"), aged 45, was appointed as an independent non-executive Director of our Company on 23 September 2015 and is responsible for providing independent opinion and judgment on the issues of strategy, performance, resources and standard of conduct of our Group.

Ms. Chan has over 13 years of operation and business management experience. Since March 2001, she has been responsible for formulating the business strategies, as well as managing the day-to-day operations of AB Creative Depot Limited, a company engaged in public relation service, promotions, consultancy services and consignment of goods, as its director. In January 2010, she joined I & M International Limited and worked as its general manager, a company providing public relations, market research and event organisation services. Her responsibilities include formulating business strategies and overseeing its business operations. In April 2012, Ms. Chan founded 4448 Finger Marketing Limited, a brand management company providing brand building and related services and has acted as its director.

Ms. Chan obtained a Master's Degree in Business Administration from the University of South Australia in October 2009. She also holds a diploma in general business awarded by the Seneca College of Applied Arts and Technology, Canada, in August 1995.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Ms. Man Oi Yuk Yvonne

Ms. Man Oi Yuk Yvonne ("Ms. Man"), aged 47, was appointed as an independent non-executive Director of our Company on 23 September 2015 and is responsible for providing independent opinion and judgment on the issues of strategy, performance, resources and standard of conduct of our Group.

Ms. Man became a fellow member of the Hong Kong Institute of Certified Public Accountants in March 2001, an associate member of the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators in October 2003, and the Institute of Chartered Accountants in England and Wales in February 2008. Ms. Man has over 25 years of experience in the accounting and audit field and since 2001, she became an audit manager of F.S. Li & Co., certified public accountants, for whom Ms. Man has worked for more than 20 years. From February 2013 to March 2014, she worked as the company secretary of Amax International Holdings Limited, a company listed on the Stock Exchange (stock code: 959). Ms. Man is the holder of a degree of Master of Professional Accounting awarded by the Hong Kong Polytechnic University in November 2000.

COMPANY SECRETARY AND OTHER SENIOR MANAGEMENT

Ms. Lam Yuk Yee

Ms. Lam Yuk Yee ("Ms. Lam"), aged 49, is our Chief Financial Officer and Company Secretary. Ms. Lam joined our Group on 4 February 2014 and is responsible for overseeing and controlling the daily financial operation of our Group, managing our accounting and internal control departments, as well as investment and legal affairs of the Group.

Ms. Lam has over 20 years of experience in the financial and management accounting and information system management in the manufacturing field. Prior to joining the Group, Ms. Lam was employed first as a senior accounting manager (2004-2011) and then the assistant financial controller (2011-2013) of a subsidiary of Sino-Tech International Holdings Limited, a company listed on the Stock Exchange (stock code: 724), which is principally engaged in, among other things, manufacture and trading of electronic and electrical parts and components. From 1995 to 2002, Ms. Lam worked for Yu-Me (H.K.) Limited, currently a subsidiary of Perfectech International Holdings Ltd, a company listed on the Stock Exchange (stock code: 765), which is engaged in the manufacture and sale of novelties and decorations products and toy products, with accounting responsibilities.

Ms. Lam graduated with a Master's Degree in Business Administration from the University of South Australia in October 2009. She was admitted as a fellow member of the Association of Chartered Certified Accountants in May 2012, and an associate member of the Hong Kong Institute of Certified Public Accountants in September 2007.

COMPANY SECRETARY AND OTHER SENIOR MANAGEMENT *(Continued)*

Mr. Luo Zongyou

Mr. Luo Zongyou ("Mr. Luo"), aged 40, is our Quality and Processes Manager. Mr. Luo joined our Group on 1 August 2014 and is responsible for monitoring the quality of our products and factory staff training and other product quality-related responsibilities, such as evaluation of suppliers and product research and development. Mr. Luo has 18 years of working experience in the electronic component production field. From 1997 to 2014, he worked for (Dongguan) Broad Electronics Co., Ltd.（科廣電子（東莞）有限公司）, a company established in the PRC and a manufacturer of electronic components, first worked as technician and, from 2005, as its quality and process manager.

Mr. Liu Yuantian

Mr. Liu Yuantian ("Mr. Liu"), aged 40, is our Production Manager. Mr. Liu joined our Group on 1 July 2013 and is responsible for coordinating and supervising the Group's production process, as well as overseeing the maintenance of our production facilities. Mr. Liu has 17 years of working experience in the electronic component production field. From 1997 and until joining our Group in 2013, he worked for (Dongguan) Broad Electronics Co., Ltd.（科廣電子（東莞）有限公司）, a company established in the PRC and a manufacturer of electronic components. Mr. Liu first worked as its technician and customer technical support manager and, from 2012, as its production process manager.

Mr. Liu obtained a degree of Electrical Engineering and Automation and an associate degree in Business Administration from the Guangdong Ocean University（廣東海洋大學）in January 2014 and January 2011, respectively.

The Directors submit their report together with the audited financial statements for the Period.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the assembly, packaging and sales of its self-manufactured discrete semiconductors and trading of semiconductors sourced from third-party suppliers.

RESULTS OF THE GROUP

The Group's results for the Period and the state of affairs of the Company and the Group as at 31 December 2015 are set out in the financial statements on pages 38 to 90 of this report and a business review in respect of the Group's performance during the Period and the material factors underlying its results and financial position, as well as the Group's environmental policies, are set out in the section headed "Management Discussion and Analysis" in this report. A summary of the published results and the assets and liabilities of the Group for the years ended 31 December 2013, 2014 and 2015 is set out on page 91 of this report.

SHARE CAPITAL AND SECURITIES ISSUED DURING THE PERIOD

Details of the movements in share capital of the Company are set out in note 23 to the financial statements.

The following issue of Shares, all of which were incidental to the Listing, took place during the Period:

(i) On 22 September 2015, each issued and unissued ordinary share in the Company's share capital with a nominal value of HK$0.10 was sub-divided into 10 ordinary shares of HK$0.01 each;

(ii) On 22 September 2015, the authorised share capital of the Company was increased from HK$50,000 to HK$20,000,000 by the creation of an additional 1,995,000,000 Shares ranking pari passu in all respects with the then existing Shares;

(iii) On 22 September 2015, our Company acquired two loans each in the amount of HK$30,000,000 owed by one of our operating subsidiaries to Mr. Chow Hin Keong and Mr. Chow Hin Kok, respectively. The said loans were then capitalised and 30,000,000 Shares, credited as fully paid, were issued to each of Platinum Dynamic (wholly-owned by Mr. Chow Hin Keong) and Silver Dynamic (wholly-owned by Mr. Chow Hin Kok) respectively (together, the "Controlling Shareholders");

(iv) An aggregate of 200,000,000 Shares were issued by the Company in connection with the Placing upon it becoming unconditional at a price of HK$0.30 per Share placed; and

(v) An aggregate of 539,999,960 Shares were issued to Platinum Dynamic and Silver Dynamic and credited as fully paid by way of capitalisation of the sum of HK$5,399,999.60 standing to the credit of the share premium account of the Company as a result of the issue of Shares pursuant to the Placing.

DIVIDENDS

The Board does not recommend payment of any final dividend in respect of the Period. During the Period, no interim dividend was paid.

RESERVES

As at 31 December 2015, the total reserves available for distribution, taking into account accumulated losses, to Shareholders by the Company amounted to approximately HK$84.6 million (2014: nil). Movements in the reserves of the Group and of the Company during the Period are set out in the Consolidated Statement of Changes in Equity to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Period are set out in note 15 to the financial statements. The Group does not have any investment property as at 31 December 2015.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles and there is no restriction against such rights under the laws of Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save for the Placing, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 23 September 2015 which became unconditional upon Listing for a period of 10 years from 9 October 2015.

The Scheme is valid and effective for a period of 10 years from 9 October 2015 and its purpose is to reward eligible participants who have contributed or will contribute to the Group and to encourage eligible participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole, and to maintain or attract business relationships with participants whose contributions are or may be beneficial to the growth of the Group.

Eligible participants of the Scheme include (i) any Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of the Group; and (ii) any advisers, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group, whom the Board considers, in its sole discretion, to have contributed or will contribute to the Group.

SHARE OPTION SCHEME *(Continued)*

The total number of Shares of the Company available for issue under the Scheme is 80,000,000 Shares, representing 10% of the total number of Shares in issue as at the date of this report. The total number of Shares of the Company to be issued upon exercise of the share options granted to each eligible participant under the Scheme in any 12-month period must not exceed 1% of the total Shares of the Company then in issue, unless approved by Shareholders of the Company in general meeting in the manner prescribed under the GEM Listing Rules. The number of Shares to be issued in respect of which options may be granted to a substantial shareholder or an independent non-executive Director of any of their respective close associates (within the meaning of the GEM Listing Rules) representing in aggregate over 0.1% of the total number of the Company's issued Shares on the date of such grant or with an aggregate value in excess of HK$5,000,000 must be approved by Shareholders in general meeting.

An offer of a grant of share options under the Scheme may be accepted within five business days from the date on which the offer is made with a cash consideration of HK$1.00 payable to the Company. The period for the exercise of a share option is determined by the Board in its sole discretion, but such period shall not be more than 10 years from the date of grant of the option.

Under the Scheme, the subscription price payable upon exercise of any options granted is determined by the Board but in any event it shall be at least the highest of: (i) the closing price of the Company's Shares as stated in the Stock Exchange's daily quotation sheets on the date on which the option is offered to a participant; (ii) the average of the closing prices of the Company's Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer of the option; and (iii) the nominal value of the Company's Shares.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 December 2015.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management of the Company are set out on pages 17 to 20 of this report.

LIST OF DIRECTORS

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

Executive Directors

Mr. Chow Hin Keong *(Chairman)*

Mr. Chow Hin Kok *(Chief Executive Officer)*

Independent Non-Executive Directors (all of whom were appointed as Directors on 23 September 2015)

Ms. Wong Sau Ying

Ms. Chan Mei Po

Ms. Man Oi Yuk Yvonne

DIRECTOR'S SERVICE CONTRACT

There are no service contracts for any of the Directors who are nominated for re-election at the forthcoming annual general meeting of the Company to be held in 2016 which are not determinable by the Group within one year without payment of compensation (other than statutory compensation).

INDEMNITY OF DIRECTORS

Our Directors are indemnified against actions, costs, charges, losses, damages and expenses incurred in discharge of their duties subject to the provisions of the Articles and other applicable legislation. We have taken out Directors' and officers' liabilities insurance for such purposes with effect from the Listing.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' emoluments and the five highest paid individuals in the Group are set out in note 14 to the financial statements.

EMOLUMENT POLICY

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses related to the performance of our Company. We also reimburse them for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations. We review and determine the remuneration and compensation package of our Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and senior management and the performance of our Company. Our Directors and employees of the Group may also receive options which may be granted under the Scheme. However, no option was so granted during the Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2015, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in the Shares

Name of Director	Nature of interest	Number of ordinary shares held *(Note 1)*	Approximate shareholding percentage in the issued share capital of the Company *(%)*
Mr. Chow Hin Keong	Interest in a controlled corporation *(Note 2)*	300,000,000 Shares (L)	37.5
Mr. Chow Hin Kok	Interest in a controlled corporation *(Note 3)*	300,000,000 Shares (L)	37.5

Notes:

(1) The letter "L" denotes the person's long position in such Shares.

(2) 300,000,000 Shares were held by Platinum Dynamic which is wholly owned by Mr. Chow Hin Keong.

(3) 300,000,000 Shares were held by Silver Dynamic which is wholly owned by Mr. Chow Hin Kok.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2015, the interests and short positions of substantial shareholders and other persons, other than the Directors or chief executives of the Company, in the Shares and the underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Nature of interest	Number of ordinary shares held *(Note 1)*	Approximate shareholding percentage in the issued share capital of the Company *(%)*
Platinum Dynamic *(Note 2)*	Beneficial interest	300,000,000 Shares (L)	37.5
Ms. H'ng Siew Hoong *(Note 3)*	Interest of spouse	300,000,000 Shares (L)	37.5
Silver Dynamic *(Note 4)*	Beneficial interest	300,000,000 Shares (L)	37.5
Ms. Ong Siew Ning *(Note 5)*	Interest of spouse	300,000,000 Shares (L)	37.5

Notes:

(1) The letter "L" denotes the person's long position in such Shares.

(2) Platinum Dynamic is wholly owned by Mr. Chow Hin Keong. Under the SFO, Mr. Chow Hin Keong is deemed to be interested in all of the 300,000,000 Shares held by Platinum Dynamic.

(3) Ms. H'ng Siew Hoong is the spouse of Mr. Chow Hin Keong and is therefore deemed to be interested in the 300,000,000 Shares in which Mr. Chow Hin Keong is interested.

(4) Silver Dynamic is wholly owned by Mr. Chow Hin Kok. Under the SFO, Mr. Chow Hin Kok is deemed to be interested in all of the 300,000,000 Shares held by Silver Dynamic.

(5) Ms. Ong Siew Ning is the spouse of Mr. Chow Hin Kok and is therefore deemed to be interested in the 300,000,000 Shares in which Mr. Chow Hin Kok is interested.

COMPETING INTERESTS

None of the Directors or controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) has any interest in a business which competed or might compete with the business of the Group or has any other conflict of interest with the Group during the Period. As disclosed in the Prospectus, the Company and its controlling shareholders of the Company (namely, Mr. Chow Hin Keong, Mr. Chow Hin Kok, Platinum Dynamic and Silver Dynamic) had entered into a deed of non-competition under which they have given certain non-competition undertakings in favour of the Group, including making an annual declaration as to compliance with the terms of the deed of non-competition. The Company has received from each of the controlling shareholders the confirmation that they and their respective close associates have complied with the terms of those non-competition undertakings during the period from the Company's Listing on 9 October 2015 to 31 December 2015 and our independent non-executive Directors have reviewed the compliance by our controlling shareholders with the deed of non-competition for that period.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company (not being a contract of service with any Director of the Company or any person engaged in the full-time employment of the Company) was entered into or was subsisting during the Period.

CONTRACTS OF SIGNIFICANCE TO THE BUSINESS OF THE GROUP

Save for agreements in respect of the acquisition in June 2015 by the Group of a trademark from Semtech Electronics Limited, a company in which Mr. Chow Hin Keong holds an indirect 50% interests (further particulars of which are set out in the Prospectus), no contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Period or at any time during the Period.

No contracts of significance (including those in relation to provision of services) between members of the Group and the controlling shareholder of the Company or any of its subsidiaries subsisted at the end of the Period or at any time during the Period.

ARRANGEMENT TO ACQUIRE SHARES AND DEBENTURES

At no time during the Period was the Company or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MAJOR CUSTOMERS AND SUPPLIERS

Our five largest customers collectively accounted for approximately 29.0% of our total turnover for the Period (2014: approximately 42.1%) and our largest customer accounted for approximately 8.2% of our total turnover for the Period (2014: approximately 10.5%).

Our five largest suppliers accounted for approximately 55.2% of our total purchases for the Period (2014: approximately 70.0%) and our largest supplier accounted for approximately 13.7% of our total purchases for the Period (2014: approximately 27.2%).

None of our Directors and their respective close associates (within the meaning of the GEM Listing Rules) or any holder of Shares who, to the knowledge of the Directors, owns more than 5% of the Company's issued Shares has any interest in any of our five largest customers or our five largest suppliers in respect of the Period.

RELATED PARTY TRANSACTION

Significant related party transactions entered into by the Group during the Period are set out in note 30 to the financial statements.

The Directors consider that these significant related party transactions disclosed in note 30 to the financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case maybe) in Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under Chapter 20 of GEM Listing Rules.

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received from each independent non-executive Director the annual confirmation of her independence, and the Company considers them to be independent in light of the guidelines set out in Rule 5.09 of the GEM Listing Rules.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained a sufficient public float of not less than 25% of the Company's issued Shares as required under the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

There is no material event undertaken by the Company or by the Group subsequent to 31 December 2015 and up to the date of this report.

INTEREST OF COMPLIANCE ADVISER

The Company has received confirmation from its compliance adviser, Celestial Capital Limited (the "Compliance Adviser"), that as at 31 December 2015, except for the compliance adviser's agreement entered into between the Company and the Compliance Adviser dated 24 June 2015 in connection with the Listing, neither the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company or any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2015 have been audited by SHINEWING (HK) CPA Limited and have been reviewed by the audit committee of the Company.

A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board of
Top Dynamic International Holdings Limited

Chow Hin Keong
Chairman

Hong Kong, 17 March 2016

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continued growth of the Group and for safeguarding and maximising Shareholders' interests.

Since the date of Listing and up to 31 December 2015, the Company has complied with the code provisions set out in the CG Code.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Upon specific enquiry made with all the Directors, the Company was not aware of any non-compliance with the Model Code regarding securities transactions by Directors for the period from the date of Listing to 31 December 2015.

BOARD OF DIRECTORS

Board composition and responsibilities

Our Board consists of five Directors, including two executive Directors and three independent non-executive Directors.

Executive Directors

Mr. Chow Hin Keong *(Chairman)*
Mr. Chow Hin Kok *(Chief Executive Officer)*

Independent Non-executive Directors

Ms. Wong Sau Ying (appointed on 23 September 2015)
Ms. Chan Mei Po (appointed on 23 September 2015)
Ms. Man Oi Yuk Yvonne (appointed on 23 September 2015)

Details of background and qualifications of all Directors are set out in the section headed "Biographical Details of Directors and Senior Management" in this report.

BOARD OF DIRECTORS *(Continued)*

The overall management of the Company's business is vested in the Board which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's business to the executive Directors and senior management. Since the date of Listing and up to 31 December 2015, Mr. Chow Hin Keong served as the Chairman of the Board and was responsible for leading the Board in establishing and monitoring implementation of business strategies while Mr. Chow Hin Kok served as the Chief Executive Officer of the Group and was responsible for managing the overall business operations of the Group. Save that Mr. Chow Hin Keong and Mr. Chow Hin Kok are brothers, there is no relationship, including financial, business, family or other material/relevant relationship(s) between members of the Board.

Significant matters of the Group are required to be approved by the Board, including:

(i) formulating corporate development planning;

(ii) formulating the Company's operational and management strategies;

(iii) approving financial statements;

(iv) approving notifiable transactions and connected transactions undertaken by any member of the Group as may be required under the GEM Listing Rules;

(v) approving the internal control and risk management systems of the Group; and

(vi) distribution of any dividend.

Appointment and Re-election of Directors

Each Director (including the independent non-executive Directors) entered into a service contract/letter of appointment with the Company for a term of three years and is subject to retirement by rotation but is eligible for re-election at the annual general meeting in accordance with the Articles. None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract/letter of appointment with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation. We have also taken out Directors' and officers' liabilities insurance for such purposes with effect from the Listing.

The Articles have specified that any Directors appointed during the year to fill a casual vacancy are subject to re-election by Shareholders at the first annual general meeting after appointments and any Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Each Director shall be subject to retirement by rotation at least once every three years pursuant to the Articles.

BOARD OF DIRECTORS *(Continued)*

Directors' Training

During the Period, our Directors have participated in continuous professional development by attending a training session in respect of the roles and responsibilities of directors of a company listed on GEM, as well as reading related materials. They also received from the Company from time to time updates on laws, rules and regulations which may be relevant to their roles, duties and functions as directors of a listed company. Particulars of participation by the Directors are set out as follows:

	Reading materials relevant to directors' roles and responsibilities	Attending training session relevant to directors' roles and responsibilities
Executive Directors		
Mr. Chow Hin Keong	✓	✓
Mr. Chow Hin Kok	✓	✓
Independent Non-executive Directors		
Ms. Wong Sau Ying	✓	✓
Ms. Chan Mei Po	✓	✓
Ms. Man Oi Yuk Yvonne	✓	✓

BOARD COMMITTEES

In order to assist the Board in discharging its duties in a more efficient manner, the Board has established, with written terms of reference, three Board committees, namely audit committee, nomination committee and remuneration committee, to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties. The written terms of reference for each Board committee are in compliance with the GEM Listing Rules and they are posted on the websites of the Stock Exchange and the Company.

Audit Committee

Our Company established an audit committee on 23 September 2015 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code have been adopted. The primary duties of the audit committee are mainly to make recommendation to the Board on the appointment, reappointment and removal of external auditor, monitor the integrity of the financial statements, annual reports, half-yearly reports and quarterly reports and review significant financial reporting judgments contained in them, and oversee financial reporting system and internal control procedures of our Company. The audit committee of our Company consists of three members, namely Ms. Wong Sau Ying, Ms. Chan Mei Po and Ms. Man Oi Yuk Yvonne. Ms. Man Oi Yuk Yvonne is the chairperson of the audit committee.

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

Subsequent to the Listing, the audit committee held 1 meeting in respect of the Period, at which all committee members were present. The key work done by the committee in respect of the Period includes reviewing the third quarterly results of the Group and recommending the same to the Board for approval.

There was no disagreement between the Board and the audit committee regarding the appointment of external auditor.

Nomination Committee

Our Company established a nomination committee on 23 September 2015. Written terms of reference in compliance with code provision A.5.2 of the CG Code have been adopted. The primary duties of the nomination committee are to review the structure, size, composition and diversity of the Board and make recommendations to the Board on the selection of individuals nominated for directorships, appointment or re-appointment of Directors and succession planning for Directors. The nomination committee of our Company consists of four members, namely Mr. Chow Hin Keong, Ms. Wong Sau Ying, Ms. Chan Mei Po and Ms. Man Oi Yuk Yvonne. Ms. Chan Mei Po is the chairperson of the nomination committee.

The Board recognises the importance its diversity in relation to its business, and adopted on 23 September 2015 a Board diversity policy. As a summary of the policy, selection of candidates has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision of Board appointment will be based on merit and contribution that the selected candidates may bring to the Board.

During the Period, the nomination committee held 1 meeting, at which all committee members were present. The summary of key work done by the committee in respect of the Period is set out as follows:

- reviewing and confirming the independence of the Company's independent non-executive Directors; and

- reviewing the structure and composition of the Board, as well as policy of nomination of Directors in light of, among other things, the diversity criteria set out in the Company's Board diversity policy.

Remuneration Committee

Our Company established a remuneration committee on 23 September 2015 in compliance with Rule 5.34 of the GEM Listing Rules. Written terms of reference in compliance with Rule 5.35 of the GEM Listing Rules and code provision B.1.2 of the CG Code have been adopted. The primary duties of the remuneration committee are mainly to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; review remuneration proposals of the management with reference to the Board's corporate goals and objectives; and ensure none of our Directors or any of their associates is involved in deciding their own remuneration. The remuneration committee of our Company consists of four members, namely Mr. Chow Hin Kok, Ms. Wong Sau Ying, Ms. Chan Mei Po and Ms. Man Oi Yuk Yvonne. Ms. Wong Sau Ying is the chairperson of the remuneration committee.

BOARD COMMITTEES *(Continued)*

Remuneration Committee *(Continued)*

The remuneration committee is authorised by the Board to determine (subject to approval by the Board) the remuneration payable to executive Directors and members of senior management, the emolument policies and the basis for determining such emoluments. No Director or any of his associates was involved in deciding his own remuneration.

During the Period, the remuneration committee held 1 meeting, at which all committee members were present. The summary of key work done by the committee in respect of the Period is set out as follows:

- reviewing the policy for the remuneration and assessing performance of our executive Directors; and
- reviewing the remuneration payable to executive Directors.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties set out in code provision D.3.1 of the CG Code, namely:

(i) to develop and review the Company's policies and practices on corporate governance;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (including in relation to securities trading) applicable to employees and Directors; and

(v) to review the Company's compliance with the CG Code and disclosure in the corporate governance report in the Company's annual report.

The Board had held 1 meeting during the Period at which the Board adopted the Company's policies and practice on corporate governance and legal and regulatory compliance, training and continuous professional development participations of the Directors, as well as the Company's compliance with the CG Code.

BOARD MEETINGS AND ATTENDANCE RECORD OF DIRECTORS

Code provision A.1.1 of the CG Code states that at least four regular Board meetings should be held each year at approximately quarterly intervals with active participation of a majority of Directors, either in person or through other electronic means of communication.

The Company was listed on 9 October 2015. From the date of Listing and up to 31 December 2015, the Board held 1 meeting, where all our Directors attended the meeting, and no Shareholders' meeting was held during that period. The Board will schedule to have at least four regular meetings in the year going forward. The Directors' attendance record in respect of meetings held during the Period from the Company's Listing date up to 31 December 2015 are shown as follows:

BOARD MEETINGS AND ATTENDANCE RECORD OF DIRECTORS *(Continued)*

Name of Director	Board[Note]	Attendance Record of Meetings held during the Period: Audit Committee	Nomination Committee	Remuneration Committee
Number of total meetings	1	1	1	1
Mr. Chow Hin Keong	1/1	N/A	1/1	N/A
Mr. Chow Hin Kok	1/1	N/A	N/A	1/1
Ms. Wong Sau Ying	1/1	1/1	1/1	1/1
Ms. Chan Mei Po	1/1	1/1	1/1	1/1
Ms. Man Oi Yuk Yvonne	1/1	1/1	1/1	1/1

Note: only in respect of the period from the Company's date of Listing on 9 October 2015 to 31 December 2015

AUDITOR'S REMUNERATION

The fees in respect of audit and non-audit services provided by the external services providers, SHINEWING (HK) CPA Limited (for audit services) and SHINEWING (HK) CPA Limited, SHINEWING Tax Business Advisory Limited, SHINEWING Risk Services Limited (for non-audit services) to the Group for the year ended 31 December 2015 amounted to approximately HK$0.6 million and HK$2.3 million respectively. The non-audit service represented primarily service fees for the providers stated above respectively acting as the reporting accountants, tax consultant and internal control consultant for the Company's Listing. Such non-audit services include reviewing the internal control procedures of the Group and recommending areas of improvement where appropriate.

COMPANY SECRETARY

Ms. Lam Yuk Yee, the Company's company secretary, has undertaken not less than 15 hours of relevant professional training to update her skills and knowledge in respect of the Period.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR ACCOUNTS

The Directors acknowledge their responsibility for the preparation of consolidated financial statements of the Company for the Period, which give a true and fair view of the financial position of the Group on a going concern basis.

Statements of Directors' responsibilities for preparing the consolidated financial statements of the Company and external auditor's reporting responsibilities are set out in the "Independent Auditor's Report" in this report.

INTERNAL CONTROL

The Board has the responsibility to maintain an effective internal control system in order to safeguard the Group's assets and Shareholders' interests, and review and monitor the effectiveness of the Group's internal control systems at least annually covering material controls, including financial, operational and compliance controls and risk management functions, to ensure that the systems in place are adequate. During the Period, the Company engaged SHINEWING Risk Services Limited, an external independent consultant, to conduct a review of the internal controls system of the Group in order to maintain high standards of corporate governance.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide a forum for the Shareholders to exchange views directly with the Board. Subject to provisions of the applicable laws in Cayman Islands and rules and regulations of the Stock Exchange, the Articles require that an annual general meeting of the Company is held each year and at the venue as determined by the Board. Each general meeting, other than an annual general meeting, is called an extraordinary meeting.

According to the Articles, any one or more holder of Shares holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. The notice of requisition must be deposited at the registered office of the Company.

Subject to the provisions of the Articles, eligible Shareholders who wish to move a resolution at any extraordinary general meeting of the Company may, by means of requisition, convene an extraordinary general meeting following the procedures set out above.

Shareholders may direct enquiries about their shareholdings to the Company's share registrars. To the extent the requisite information of the Company is publicly available, Shareholders and the investing community may at any time make enquiry in respect of the Company in writing at our office in Hong Kong by post, facsimile or email via the numbers and email addresses provided on the Company's website at www.topdynamicintl.com.

INVESTOR RELATIONS

The Company establishes different communication channels with investors to update them with the latest business development and financial performance including the publication of quarterly, interim and annual reports, the publish and posting of notices, announcements and circulars on the GEM website and the Company's website in order to maintain a high level of transparency.

CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 17.102 of the GEM Listing Rules, the Company has published its memorandum of association and the Articles on the respective websites of the Stock Exchange and the Company. Since the date of Listing and up to 31 December 2015, no amendments were made to the constitutional documents of the Company.

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF TOP DYNAMIC INTERNATIONAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Top Dynamic International Holdings Limited (the "Company") and its subsidiaries set out on pages 38 to 90, 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, the consolidated statement of changes in equity and the 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 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 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 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, in accordance with our agreed terms of engagement, 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 Hong Kong Institute of Certified Public Accountants. 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries 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.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong
17 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
Turnover	8	**215,273**	159,323
Cost of sales		**(132,921)**	(116,422)
Gross profit		**82,352**	42,901
Other income	9	**1,623**	7
Selling and distribution costs		**(11,310)**	(5,457)
Administrative expenses		**(34,977)**	(15,654)
Profit before tax		**37,688**	21,797
Income tax expenses	10	**(11,137)**	(5,581)
Profit for the year	11	**26,551**	16,216
Other comprehensive (expense) income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of a foreign operation		**(5,008)**	27
Total comprehensive income for the year attributable to owners of the Company		**21,543**	16,243
Earnings per share	13		
– Basic and diluted *(HK cents)*		**4.41**	3.00

Consolidated Statement of Financial Position
As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Plant and equipment	15	**60,474**	55,741
Intangible asset	16	**1,681**	–
Prepayment for plant and equipment		**3,889**	334
		66,044	56,075
Current assets			
Inventories	17	**18,781**	11,456
Trade and other receivables	18	**47,315**	53,770
Pledged deposit	19	**5,035**	5,000
Bank balances and cash	19	**72,466**	11,274
		143,597	81,500
Current liabilities			
Trade and other payables	20	**49,755**	52,499
Amounts due to shareholders	21	**–**	60,000
Tax payables		**4,705**	3,412
		54,460	115,911
Net current assets (liabilities)		**89,137**	(34,411)
Total assets less current liabilities		**155,181**	21,664
Non-current liability			
Deferred tax liabilities	22	**226**	350
		154,955	21,314
Capital and reserves			
Share capital	23	**8,000**	–
Reserves	23	**146,955**	21,314
		154,955	21,314

The consolidated financial statements on pages 38 to 90 were approved and authorised for issue by the Board on 17 March 2016 and are signed on its behalf by:

Chow Hin Keong
Director

Chow Hin Kok
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital HK$'000 (note 23(a))	Share premium HK$'000 (note 23(a) (iv), (v) & (vi))	PRC statutory reserve HK$'000 (note 23(b)(i))	Capital reserve HK$'000 (note 23(b)(ii))	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2014	8	–	236	–	202	4,625	5,071
Profit for the year	–	–	–	–	–	16,216	16,216
Other comprehensive income for the year:							
Exchange difference arising on translation of a foreign operation	–	–	–	–	27	–	27
Total comprehensive income for the year	–	–	–	–	27	16,216	16,243
Issue of shares at date of incorporation	–	–	–	–	–	–	–
Arising from reorganisation	(8)	–	–	8	–	–	–
Transfer to PRC statutory reserve	–	–	926	–	–	(926)	–
At 31 December 2014 and 1 January 2015	–	–	1,162	8	229	19,915	21,314
Profit for the year	–	–	–	–	–	26,551	26,551
Other comprehensive expense for the year:							
Exchange difference arising on translation of a foreign operation	–	–	–	–	(5,008)	–	(5,008)
Total comprehensive (expense) income for the year	–	–	–	–	(5,008)	26,551	21,543
Issue of new shares	600	59,400	–	–	–	–	60,000
Issue of new shares by way of placing	2,000	58,000	–	–	–	–	60,000
Transaction costs attributable to issue of new shares	–	(7,902)	–	–	–	–	(7,902)
Capitalisation Issue of shares	5,400	(5,400)	–	–	–	–	–
Transfer to PRC statutory reserve	–	–	1,640	–	–	(1,640)	–
At 31 December 2015	8,000	104,098	2,802	8	(4,779)	44,826	154,955

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 *HK$'000*	2014 *HK$'000*
OPERATING ACTIVITIES		
Profit before tax	**37,688**	21,797
Adjustments for:		
Bank interest income	**(54)**	(7)
Depreciation of plant and equipment	**7,516**	5,052
Amortisation of intangible asset	**919**	–
Loss on disposal of plant and equipment	**15**	–
Operating cash flows before movements in working capital	**46,084**	26,842
Decrease in rental prepayment	**–**	212
Increase in inventories	**(8,386)**	(8,722)
Decrease (increase) in trade and other receivables	**4,205**	(25,401)
Increase in trade and other payables	**4,389**	21,934
Cash generated from operations	**46,292**	14,865
Hong Kong Profits Tax paid	**(4,295)**	(559)
PRC Enterprise Income Tax paid	**(5,583)**	(2,648)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**36,414**	11,658
INVESTING ACTIVITIES		
Acquisition of plant and equipment	**(14,944)**	(31,724)
Acquisition of intangible asset	**(2,600)**	–
Proceeds from disposal of plant and equipment	**40**	–
Settlement of payables for plant and equipment	**(5,366)**	(12,359)
Prepayment for plant and equipment	**(3,889)**	(334)
Bank interest received	**6**	7
NET CASH USED IN INVESTING ACTIVITIES	**(26,753)**	(44,410)
FINANCING ACTIVITIES		
Net proceeds from issue of new shares by way of placing	**52,098**	–
Advances from shareholders	**–**	42,864
Placement of pledged deposit	**–**	(5,000)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**52,098**	37,864

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	**61,759**	5,112
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**11,274**	6,162
Effect of foreign exchange rate changes	**(567)**	–
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**72,466**	11,274

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 10 September 2014 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on GEM since 9 October 2015.

The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of the principal place of business of the Company is Office A, 31st Floor, Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong. Its ultimate controlling parties are Mr. Chow Hin Keong and Mr. Chow Hin Kok.

The Company is principally engaged in investment holding and the principal activities of its subsidiaries are set out in note 31.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 22 September 2015 as detailed in the section headed “History, Reorganisation and Group Structure” of the Prospectus. The Company and its subsidiaries now comprising the Group are under the common control of Mr. Chow Hin Keong and Mr. Chow Hin Kok (the “Controlling Shareholders”) throughout the two years ended 31 December 2015 or since their respective dates of incorporation or establishment up to 31 December 2015. As there was a continuation of the risks and benefits to the Controlling Shareholders and, therefore, the Reorganisation is considered to be a restructuring of entities and business under common control and the Group now comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared as if the Company had always been the holding company of the companies now comprising the Group throughout the two years ended 31 December 2015, using the principles of merger accounting with reference to Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA as set out in note 4 below.

2. BASIS OF PREPARATION *(Continued)*

The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows include the results and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the years ended 31 December 2014 and 2015. The consolidated statement of financial position of the Group as at 31 December 2014 have been prepared to present the assets and liabilities of the companies comprising the Group as if the current group structure had been in existence as at that date.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND NEW HONG KONG COMPANIES ORDINANCE

For the purpose of preparing and presenting the consolidated financial statements for the years ended 31 December 2015 and 2014, the Group has consistently adopted all of the new and revised Hong Kong Accounting Standards ("HKASs"), HKFRSs, amendments and interpretations issued by the HKICPA and the annual report requirements of Part 9 "Accounts and Audit" of the Companies Ordinance (Cap. 622 of the laws of Hong Kong) which are effective for the Group's financial year beginning on 1 January 2015.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]

[1] Effective for annual periods beginning on or after 1 January 2016.
[2] Effective for annual periods beginning on or after 1 January 2018.
[3] Effective date not yet determined.

The Directors anticipate that, except as described below, the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND NEW HONG KONG COMPANIES ORDINANCE *(Continued)*

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND NEW HONG KONG COMPANIES ORDINANCE *(Continued)*

HKFRS 9 (2014) Financial Instruments *(Continued)*

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The Directors anticipate that the application of HKFRS 9 (2014) in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 (2014) until the Group undertakes a detailed review.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND NEW HONG KONG COMPANIES ORDINANCE *(Continued)*

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Annual Improvement to HKFRSs 2012 – 2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND NEW HONG KONG COMPANIES ORDINANCE *(Continued)*

Annual Improvement to HKFRSs 2012 – 2014 Cycle *(Continued)*

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The Directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle will have a material effect on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND NEW HONG KONG COMPANIES ORDINANCE *(Continued)*

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgment in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The Directors anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

i) when the intangible asset is expressed as a measure of revenue;

ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND NEW HONG KONG COMPANIES ORDINANCE *(Continued)*

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation *(Continued)*

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

As the Group use straight-line method for depreciation of plant and equipment and amortisation of intangible asset, the Directors do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments clarify the requirements when accounting for investment entities as well as provide relief in particular circumstances, which will reduce the costs of applying the Standards. Specifically, a parent entity that is a subsidiary of an investment entity is exempted from preparing consolidated financial statements. A parent entity which is also a subsidiary of an investment entity and hold interests in associates and joint ventures is exempted from applying equity method if it meets all the conditions stated in paragraph 4(a) of HKFRS 10.

Besides, the amendments clarify if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing investment-related services that relate to the investment entity's investment activities to the entity or other parties, it should consolidate that subsidiary. If the subsidiary that provides the investment-related services or activities is itself an investment entity, the investment entity parent should measure that subsidiary at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when apply the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

Furthermore, if a parent that is an investment entity and has measured all of its subsidiaries at fair value through profit or loss, that investment entity should present the disclosures relating to investment entities required by HKFRS 12 in its financial statements. If an investment entity has consolidated its subsidiary in which the subsidiary itself is not an investment entity and whose main purpose and activities are providing services that relate to the investment activities of its investment entity parent, the disclosure requirements in HKFRS 12 apply to financial statements in which the investment entity consolidates that subsidiary.

3. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND NEW HONG KONG COMPANIES ORDINANCE** *(Continued)*

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception *(Continued)*

The amendments to HKFRS 10, HKFRS 12 and HKAS 28 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

As the Group does not have any investments in investment entities, the Directors do not anticipate that the application of the amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

4. **SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listings Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for business combination involving entities under common control

The consolidated financial statements include the financial statements items of the combining entities or businesses in which the common control combination occurs as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or businesses first came under common control at a later date.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Plant and equipment

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

Depreciation is recognised so as to write off the cost of items of plant and equipment, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operation are translated into the presentation currency of the Company (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on temporary 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. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax 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 associated with investments in subsidiaries, 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. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred taxes are recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value represented the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged deposit and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period or observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

4. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including trade and other payables and amounts due to shareholders and a related company, are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment of tangible and intangible assets with finite useful lives

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets 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 the impairment loss, if any.

When 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of tangible and intangible assets with finite useful lives *(Continued)*

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 for which the estimates of future cash flows have not been adjusted. 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 as an expense immediately in profit or loss.

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 had no impairment loss been recognised for the asset (or cash generating unit) in prior period. A reversal of an impairment loss is recognised as income immediately in profit or loss.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at banks and on hand and short-term deposits as defined above.

Retirement benefits costs

Payments to the state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme (the “MPF Scheme”) are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

Share options granted to consultants and other parties

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are 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.

Useful lives and impairment assessment of plant and equipment and intangible asset

Plant and equipment and intangible asset are stated at cost less accumulated depreciation and amortisation and identified impairment losses. The estimation of useful lives impacts the level of annual depreciation expenses and amortisation expense recorded. Plant and equipment and intangible asset are evaluated for possible impairment on a specific asset basis or in groups of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each asset or group of assets. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated statement of profit or loss and other comprehensive income. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2015, the carrying amount of plant and equipment was approximately HK$60,474,000 (2014: HK$55,741,000) and the carrying amount of intangible asset was approximately HK$1,681,000 (2014: nil). No impairment had been recognised during the years ended 31 December 2015 and 2014.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimated allowance for inventories

The management of the Group reviews an ageing analysis at the end of each reporting period and makes allowance for obsolete and slow-moving items identified that are no longer suitable for sale or use. The Group makes allowance for inventories based on the assessment of the net realisable value. The management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions.

As at 31 December 2015, the carrying amount of inventories was approximately HK$18,781,000 (2014: HK$11,456,000). No allowance had been recognised during the years ended 31 December 2015 and 2014.

Estimated impairment loss on trade and other receivables

When there is objective evidence of impairment loss of trade and other receivables, the Group takes into consideration the estimation of future cash flows of respective trade and other receivables. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2015, the carrying amount of the Group's trade and other receivables were approximately HK$47,315,000 (2014: HK$53,770,000). No impairment had been recognised during the years ended 31 December 2015 and 2014.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of amounts due to shareholders, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure of the Group periodically. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends and new share issues. The Directors will also consider the raise of borrowings as second source of capital.

The Directors also endeavour to ensure the steady and reliable cash flows from the normal business operation.

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**115,343**	60,319
Financial liabilities		
Liabilities measured at amortised cost	**49,755**	112,490

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged deposit, bank balances and cash, trade and other payables and amounts due to shareholders. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included credit risk, currency risk and liquidity risk. The Board believes that the Group is not exposed to any material interest rate risk as the Group does not have any debt obligations that are subject to fluctuations in market interest rates. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

As at 31 December 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group reviews the recoverability of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

The Group has concentration of credit risk as 14% (2014: 14%) of the total trade receivables as at 31 December 2015 was due from the Group's largest customer and 42% (2014: 49%) of the total trade receivables as at 31 December 2015 was due from the Group's five largest customers with sales within both manufacturing and trading segments.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 37% (2014: 44%) of the total trade receivables as at 31 December 2015.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Currency risk

Several subsidiaries of the Group have foreign currency sales and purchases, which expose the Group to foreign currency risk. For the year ended 31 December 2015, approximately 77% (2014: 73%) of the Group's sales is denominated in currencies other than the functional currency of the group entity making the sales, whilst almost 24% (2014: 11%) of purchases is not denominated in the respective group entity's functional currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at the end of the reporting period are as follows:

	Assets		Liabilities	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
United States dollars ("USD")	**30,980**	26,300	**4,375**	4,520
Renminbi ("RMB")	**4,757**	7,786	**6,788**	–
HK$	**3,211**	–	**–**	–
	38,948	34,086	**11,163**	4,520

The Group currently does not have a foreign currency hedging policy. However, the Directors continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Currency risk *(Continued)*

Sensitivity analysis

The Group is mainly exposed to fluctuation against foreign currencies of USD, RMB and HK$.

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in functional currency of respective group entities against the relevant foreign currencies. 5% (2014: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2014: 5%) change in foreign currency rates.

A positive number below indicates an increase in post-tax profit where the functional currency of respective group entities weakens 5% (2014: 5%) against the relevant foreign currencies. For a 5% (2014: 5%) strengthening of the functional currency of respective group entities against the relevant foreign currencies, there would be an equal and opposite impact on the post-tax profit.

	2015	2014
	HK$'000	*HK$'000*
Effect on post-tax profit		
USD	**1,111**	909
RMB	**(85)**	325
HK$	**120**	–

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group regularly monitors current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and current working capital to meet its liquidity requirements in the short and long term.

As at 31 December 2015 and 2014, the Group's remaining contractual maturities for its non-derivative financial liabilities, based on the undiscounted cash flows of financial liabilities on the earliest date on which the Group can be required to pay, are within one year or repayable on demand.

(c) Fair values of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to their short-term maturities.

8. TURNOVER AND SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are manufacturing and trading as follows:

(i) Manufacturing segment engages in selling of electronic and electrical parts and components manufactured by the Group.

(ii) Trading segment engages in trading of electronic and electrical parts and components sourced from third-party suppliers.

8. TURNOVER AND SEGMENT INFORMATION *(Continued)*

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 method used to distribute the products and/or the nature of production processes.

Despite that all of the Group's products are of a similar nature, they are subject to dissimilar risks and returns. Accordingly, the Group's operating activities are attributable to manufacturing and trading segments.

Segment revenue represents revenue derived from the manufacturing and trading of electronic and electrical parts and components.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Manufacturing		Trading		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**155,579**	80,745	**59,694**	78,578	**215,273**	159,323
Segment profit	**64,941**	29,397	**6,101**	8,047	**71,042**	37,444
Unallocated income					**1,623**	7
Unallocated expenses					**(34,977)**	(15,654)
Profit before tax					**37,688**	21,797

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit earned by each segment without allocation of administrative expenses and other income. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

8. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2015 *HK$'000*	2014 *HK$'000*
SEGMENT ASSETS		
Manufacturing	**113,578**	95,523
Trading	**13,912**	22,883
Unallocated	**82,151**	19,169
Total assets	**209,641**	137,575
SEGMENT LIABILITIES		
Manufacturing	**27,052**	23,022
Trading	**18,212**	25,762
Unallocated	**9,422**	67,477
Total liabilities	**54,686**	116,261

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain plant and equipment for administrative purpose, intangible asset, certain other receivables and prepayments, pledged deposit and bank balances and cash as these assets are managed on a group basis; and

- all liabilities are allocated to operating segments other than certain other payables, amounts due to shareholders, tax payables and deferred tax liabilities as these liabilities are managed on a group basis.

8. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Other segment information

	Manufacturing *HK$'000*	Trading *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets				
Year ended 31 December 2015				
Loss on disposal of plant and equipment	–	–	15	15
Depreciation of plant and equipment	5,919	–	1,597	7,516
Amortisation of intangible asset	–	–	919	919
Additions to non-current assets	17,592	–	4,021	21,613
Year ended 31 December 2014				
Depreciation of plant and equipment	4,007	–	1,045	5,052
Additions to non-current assets	36,760	–	664	37,424

8. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Hong Kong *HK$'000*	PRC (excluding Hong Kong) *HK$'000*	Asia (excluding Korea, PRC and Hong Kong) *HK$'000*	Korea *HK$'000*	Europe and other *HK$'000*	Total *HK$'000*
Revenue from external customers						
Year ended 31 December 2015	22,916	75,590	21,681	84,364	10,722	215,273
Year ended 31 December 2014	14,876	69,527	5,680	58,233	11,007	159,323
Non-current assets						
As at 31 December 2015	4,100	61,944	–	–	–	66,044
As at 31 December 2014	2,903	53,172	–	–	–	56,075

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Customer A[1]	**N/A[2]**	16,692

[1] This customer is a customer of the Group's manufacturing and trading segments.

[2] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

9. OTHER INCOME

	2015 ***HK$'000***	2014 *HK$'000*
Exchange gains, net	**1,569**	–
Bank interest income	**54**	7
	1,623	7

10. INCOME TAX EXPENSES

	2015 *HK$'000*	2014 *HK$'000*
Current tax		
Hong Kong Profits Tax	**5,579**	2,205
PRC Enterprise Income Tax	**5,721**	3,026
	11,300	5,231
Over-provision in prior years		
Hong Kong Profits Tax	**(39)**	–
	11,261	5,231
Deferred tax *(note 22)*	**(124)**	350
	11,137	5,581

(a) Pursuant to the rules and regulations of the BVI and the Cayman Islands, the Group is not subject to any income tax in these jurisdictions for both years.

(b) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

(c) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiary registered in the PRC is 25% for both years.

The income tax expenses for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 *HK$'000*	2014 *HK$'000*
Profit before tax	**37,688**	21,797
Tax at the domestic income tax rate of 16.5%	**6,219**	3,596
Effect of different tax rate of a subsidiary operating in other jurisdiction	**1,956**	958
Tax effect of expenses not deductible for tax purpose	**2,844**	830
Tax effect of income not taxable for tax purpose	**(28)**	–
Tax effect of temporary differences not recognised	**–**	27
Tax effect of tax losses not recognised	**185**	170
Over-provision in respect of prior years	**(39)**	–
Income tax expenses for the year	**11,137**	5,581

Details of the deferred tax are set out in note 22.

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2015 *HK$'000*	2014 *HK$'000*
Listing expenses	**13,247**	3,373
Auditors' remuneration	**641**	325
Amount of inventories recognised as expenses	**132,921**	116,422
Depreciation of plant and equipment	**7,516**	5,052
Amortisation of intangible asset	**919**	–
Loss on disposal of plant and equipment	**15**	–
Exchange losses, net	**–**	276
Operating lease rentals in respect of rented premises	**1,447**	797
Emoluments of directors and chief executive *(note 14)*	**2,773**	1,033
Other staff costs:		
Salaries and allowances	**18,138**	10,858
Retirement benefits scheme contributions	**2,371**	2,026
Total staff costs including emoluments of directors and chief executive	**23,282**	13,917

12. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period (2014: nil).

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

Basic earnings per share

	2015	2014
Earnings		
Earnings for the purpose of basic earnings per share		
– Profit for the year attributable to owners of the Company	**HK$26,551,000**	HK$16,216,000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	**602,630,000**	540,000,000

Note:

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 December 2015 has been adjusted for the effects of the Reorganisation, the Loan Capitalisation, the Capitalisation Issue and the Subdivision.

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 December 2014 has been retrospectively adjusted for the effects of the Reorganisation and the Capitalisation Issue which took place in 2015 in preparation for the Listing.

Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share for each of the years ended 31 December 2015 and 2014 as there were no potential dilutive ordinary shares outstanding during both years.

14. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND EMPLOYEES

The emoluments paid or payable to each of the five (2014: two) directors of Company, which include the chief executive of the Group, were as follows:

For the year ended 31 December 2015	Executive directors: Chow Hin Kok *HK$'000* *(note (iii))*	Executive directors: Chow Hin Keong *HK$'000* *(note (iii))*	Independent non-executive directors: Chan Mei Po *HK$'000* *(note (ii))*	Independent non-executive directors: Man Oi Yuk Yvonne *HK$'000* *(note (ii))*	Independent non-executive directors: Wong Sau Ying *HK$'000* *(note (ii))*	Total *HK$'000*
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings						
Fees	–	–	33	33	33	99
Other emoluments	–	–	–	–	–	–
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings (note (i))						
Other emoluments						
– Salaries and other benefits	1,338	1,300	–	–	–	2,638
– Contributions to retirement benefits scheme	18	18	–	–	–	36
	1,356	1,318	33	33	33	2,773

14. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND EMPLOYEES *(Continued)*

For the year ended 31 December 2014	Executive directors Chow Hin Kok *HK$'000* *(note (iii))*	 Chow Hin Keong *HK$'000* *(note (iii))*	Total *HK$'000*
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings			
Fees	–	–	–
Other emoluments	–	–	–
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings *(note (i))*			
Other emoluments			
– Salaries and other benefits	623	400	1,023
– Contributions to retirement benefits scheme	5	5	10
	628	405	1,033

Notes:

(i) The emoluments represent the salaries paid to the directors in respect of their services in connection with management of the affairs of the Group.

(ii) Appointed on 23 September 2015.

(iii) Appointed on 10 September 2014.

Mr. Chow Hin Kok is also the chief executive of the Company and his emoluments disclosed above includes those for services rendered by him as the chief executive.

Of the five individuals with the highest emoluments in the Group, two (2014: two) were directors including the chief executive of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining three (2014: three) individuals were as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Salaries and other benefits	**2,034**	1,684
Contributions to retirement benefits scheme	**53**	48
	2,087	1,732

14. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND EMPLOYEES *(Continued)*

Their emoluments were within the following bands:

	2015 **No. of employees**	2014 No. of employees
Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**1**	–
	3	3

No emoluments were paid by the Group to any of the directors (including the chief executive) or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2015 and 2014.

No directors (including the chief executive) or the five highest paid individuals waived or agreed to waive any emoluments for the years ended 31 December 2015 and 2014.

15. PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Plant and machinery *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Total *HK$'000*
COST				
At 1 January 2014	2,648	19,953	514	23,115
Additions	335	34,483	3,472	38,290
Exchange realignment	(5)	86	2	83
At 31 December 2014 and 1 January 2015	2,978	54,522	3,988	61,488
Additions	1,323	13,632	503	15,458
Disposals	(607)	–	(106)	(713)
Exchange realignment	(150)	(3,454)	(70)	(3,674)
At 31 December 2015	3,544	64,700	4,315	72,559

15. PLANT AND EQUIPMENT *(Continued)*

	Leasehold improvements *HK$'000*	Plant and machinery *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Total *HK$'000*
ACCUMULATED DEPRECIATION				
At 1 January 2014	74	591	12	677
Charge for the year	663	3,607	782	5,052
Exchange realignment	1	16	1	18
At 31 December 2014 and 1 January 2015	738	4,214	795	5,747
Charge for the year	945	5,342	1,229	7,516
Eliminated on disposals	(607)	–	(51)	(658)
Exchange realignment	(38)	(454)	(28)	(520)
At 31 December 2015	1,038	9,102	1,945	12,085
CARRYING VALUES				
At 31 December 2015	2,506	55,598	2,370	60,474
At 31 December 2014	2,240	50,308	3,193	55,741

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	33% or over the lease term, whichever is shorter
Plant and machinery	10%
Furniture, fixtures and equipment	33%

16. INTANGIBLE ASSET

	Trademark HK$'000
COST	
Addition during the year and at 31 December 2015	2,600
AMORTISATION	
Charge for the year and at 31 December 2015	919
CARRYING VALUES	
At 31 December 2015	1,681
At 31 December 2014	–

The trademark has finite useful life of 1.5 years and is amortised on a straight-line basis over its estimated useful life.

17. INVENTORIES

	2015 ***HK$'000***	2014 *HK$'000*
Raw materials	**8,480**	6,547
Finished goods	**10,301**	4,909
	18,781	11,456

18. TRADE AND OTHER RECEIVABLES

	2015 ***HK$'000***	2014 *HK$'000*
Trade receivables	**35,402**	42,601
Deposits and other receivables	**2,440**	1,444
Prepayments	**9,473**	9,725
	47,315	53,770

The Group does not hold any collateral over its trade and other receivables. No impairment of trade and other receivables had been recognised during the years ended 31 December 2015 and 2014.

18. TRADE AND OTHER RECEIVABLES *(Continued)*

The Group allows a credit period of 0 to 90 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2015	2014
	HK$'000	*HK$'000*
Within 3 months	**34,578**	40,368
Over 3 months but less than 6 months	**824**	2,179
Over 6 months but less than 1 year	**–**	54
	35,402	42,601

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and aged analysis of the receivables which requires the use of judgment and estimates. Impairment would be applied to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The management of the Group closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by our management on the collectability of overdue balances.

The following is an aged analysis of trade receivables presented based on the due date at the end of the reporting period.

	2015	2014
	HK$'000	*HK$'000*
Current	**34,501**	41,464
Overdue within 3 months	**751**	1,137
Overdue 3 months to 6 months	**150**	–
	35,402	42,601

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$901,000 (2014: HK$1,137,000) as at 31 December 2015 which are past due at the end of the reporting period for which the Group has not provided for impairment loss. Receivables that were past due but not impaired related to a number of independent customers with no recent history of default.

19. PLEDGED DEPOSIT AND BANK BALANCES AND CASH

	2015 *HK$'000*	2014 *HK$'000*
Pledged deposit	**5,035**	5,000
Cash at bank and in hand	**52,466**	11,274
Time deposit with original maturity within three months	**20,000**	–
Bank balances and cash	**72,466**	11,274

The pledged deposit carries fixed interest rate of 0.57% (2014: 0.75%) per annum during the year ended 31 December 2015 and is pledged to a bank to secure short-term banking facilities granted to the Group.

Cash at banks carried interest at floating rates based on daily bank deposit rates for the years ended 31 December 2015 and 2014. During the year ended 31 December 2015, time deposit with original maturity within three months carries fixed interest rate of 0.40% (2014: nil) per annum.

20. TRADE AND OTHER PAYABLES

	2015 *HK$'000*	2014 *HK$'000*
Trade payables	**41,625**	41,239
Payables for plant and equipment	**180**	5,366
Receipts in advance	**–**	9
Accruals and other payables	**7,950**	5,885
	49,755	52,499

Included in the Group's accruals and other payables as at 31 December 2015 were accrued directors' emoluments of approximately HK$482,000 (2014: HK$385,000). The amount is unsecured, interest-free and repayable on demand.

20. TRADE AND OTHER PAYABLES *(Continued)*

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2015	2014
	HK$'000	*HK$'000*
Within 3 months	**33,782**	36,249
Over 3 months but less than 6 months	**7,843**	4,979
Over 6 months but less than 1 year	**–**	11
	41,625	41,239

The credit period on purchases of goods ranged from 30 days to 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

21. AMOUNTS DUE TO SHAREHOLDERS

The amounts are unsecured, interest-free and repayable on demand. During the year end 31 December 2015, the entire amount had been settled by issuance of shares of the Company, details of which are set out in note 24.

22. DEFERRED TAX

The followings are the major deferred tax (assets) liabilities of the Group recognised and movements thereon during the years ended 31 December 2015 and 2014:

	Tax losses	Accelerated tax depreciation	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2014	(25)	25	–
Charged to profit or loss	25	325	350
At 31 December 2014 and 1 January 2015	–	350	350
Credited to profit or loss	–	(124)	(124)
At 31 December 2015	–	226	226

22. DEFERRED TAX *(Continued)*

At 31 December 2015, the Group has unused Hong Kong tax losses of approximately HK$2,229,000 (2014: HK$1,109,000) available for offset against future profits indefinitely. As at 31 December 2015 and 2014, no deferred tax asset had been recognised in respect of tax losses due to the unpredictability of future profit streams.

At 31 December 2014, the Group had deductible temporary differences of approximately HK$162,000 (2015: nil). No deferred tax asset has been recognised in relation to the deductible temporary difference as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiary amounting to approximately HK$24,947,000 (2014: HK$12,287,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

23. SHARE CAPITAL AND RESERVES

(a) Share capital of the Company

	Number of shares		Share capital	
	2015	2014	2015	2014
	'000	*'000*	*HK$'000*	*HK$'000*
Ordinary shares of HK$0.01 each				
Authorised				
At beginning of the year *(note (i))*	500	N/A	50	N/A
At the date of incorporation *(note (ii))*	–	500	–	50
Sub-division of shares *(note (iii))*	4,500	–	–	–
Increase on 22 September 2015 *(note (iii))*	1,995,000	–	19,950	–
At end of the year	2,000,000	500	20,000	50
Issued and fully paid				
At beginning of the year *(note (i))*	–	–	–	8
Issue of shares at date of incorporation *(note (ii))*	–	–	–	–
Arising from reorganisation *(note (iii))*	–	–	–	(8)
Sub-division of shares *(note (iii))*	–	–	–	–
Issue of new shares *(note (iv))*	60,000	–	600	–
Issue of new shares by way of placing *(note (vi))*	200,000	–	2,000	–
Capitalisation Issue of shares *(note (v))*	540,000	–	5,400	–
At end of the year	800,000	–	8,000	–

23. SHARE CAPITAL AND RESERVES *(Continued)*

(a) Share capital of the Company *(Continued)*

Notes:

(i) The balance of share capital as at 1 January 2014 represented share capital of TD Int'l (BVI), the holding company of the Group before completion of the Reorganisation, and the balance as at 31 December 2014, 1 January 2015 and 31 December 2015 represented share capital of the Company.

(ii) On 10 September 2014, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$50,000 divided into 500,000 ordinary shares of HK$0.1 each. At the date of incorporation, two ordinary shares of HK$0.1 each were allotted and issued at par.

(iii) Pursuant to the Reorganisation, on 22 September 2015, the Company acquired from Mr. Chow Hin Keong and Mr. Chow Hin Kok their respective 50% shareholding in TD Int'l (BVI) by the issuance of two ordinary shares of HK$0.1 each credited as fully paid to each of the respective nominees of Mr. Chow Hin Keong and Mr. Chow Hin Kok. On the same date, (i) each authorised share of the Company of HK$0.1 each was subdivided into 10 ordinary shares of HK$0.01 each (the "Subdivision"), and (ii) the authorised share capital of the Company was increased from HK$50,000 to HK$20,000,000 by the creation of 1,995,000,000 new shares of HK$0.01 each.

(iv) On 22 September 2015, the Company acquired two loans each in the amount of HK$30,000,000 owed by TD Enterprises to Mr. Chow Hin Keong and Mr. Chow Hin Kok respectively on a dollar-for-dollar basis. On the same date, the Company negotiated with the two shareholders and entered into capitalisation agreements respectively in relation to, among others, the set-off of each of the shareholders' outstanding amounts by way of the allotment and issue of capitalisation shares of 30,000,000 ordinary shares of the Company of HK$0.01 each, credited as fully paid, to each of the nominees of Mr. Chow Hin Keong and Mr. Chow Hin Kok (the"Loan Capitalisation"). The Loan Capitalisation was completed on the same date, of which an aggregate of 60,000,000 ordinary shares were allotted and issued to the two shareholders, resulting in a share premium of approximately HK$59,400,000.

(v) Pursuant to a resolution in writing of the shareholders of the Company passed on 23 September 2015, 539,999,960 ordinary shares of the Company of HK$0.01 each were credited as fully paid by way of capitalisation of the amount of approximately HK$5,400,000 standing to the credit of the share premium account of the Company (the "Capitalisation Issue").

(vi) On 9 October 2015, 200,000,000 ordinary shares of the Company of HK$0.01 each were issued by way of placing to public investors at a placing price of HK$0.30 per share (the "Placing") resulting in a share premium of HK$58,000,000.

All shares issued during the year ended 31 December 2015 rank pari passu with the existing shares in all respects.

(b) Reserves

(i) PRC statutory reserve

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of Dongguan Jia Jun. Appropriations to the reserves were determined by the board of Dongguan Jia Jun and can be used to offset accumulated losses and increase capital upon approval from the relevant government authorities.

(ii) Capital reserve

Capital reserve represents the share capital of TD Int'l (BVI) contributed by the Controlling Shareholders.

24. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2015, 60,000,000 ordinary shares of the Company of HK$0.01 each were issued on 22 September 2015, credited as fully paid, by the way of capitalisation of amounts due to shareholders with aggregate principal amount of HK$60,000,000. Details are set out in note 23(a)(iv).

25. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015	2014
	HK$'000	*HK$'000*
Non-current assets		
Investments in subsidiaries	**54,396**	–
Current assets		
Amount due from a subsidiary *(note a)*	**46,457**	–
Prepayments and other receivables	**403**	1,239
Bank balances and cash	**46,410**	–
	93,270	1,239
Current liabilities		
Other payables	**632**	526
Amount due to a related company *(note a)*	**–**	4,165
	632	4,691
Net current assets (liabilities)	**92,638**	(3,452)
	147,034	(3,452)
Capital and reserves		
Share capital *(note 23)*	**8,000**	–
Reserves *(note b)*	**139,034**	(3,452)
	147,034	(3,452)

25. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes:

(a) Amount due from (to) a subsidiary/a related company

The amounts are unsecured, interest-free and repayable on demand.

The amount due to a related company represented amount due to TD Enterprises, a company beneficially controlled and owned by the Controlling Shareholders prior to it became a wholly-owned subsidiary of the Company.

(b) Movements in the Company's reserves

	Share premium *HK$'000*	Capital reserve *HK$'000* *(Note)*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2014	–	–	–	–
Loss and total comprehensive expense for the year	–	–	(3,452)	(3,452)
At 31 December 2014 and 1 January 2015	–	–	(3,452)	(3,452)
Loss and total comprehensive expense for the year	–	–	(16,008)	(16,008)
Acquisition of subsidiaries	–	54,396	–	54,396
Issue of new shares	59,400	–	–	59,400
Issue of new shares by way of placing	58,000	–	–	58,000
Transaction costs attributable to issue of new shares	(7,902)	–	–	(7,902)
Capitalisation Issue of shares	(5,400)	–	–	(5,400)
At 31 December 2015	104,098	54,396	(19,460)	139,034

Note: Capital reserve represents the difference between the nominal value of the shares issued for the acquisition of equity interests of its subsidiaries and the net assets value of its subsidiaries at the date of acquisition (as part of the Reorganisation).

26. RETIREMENT BENEFIT SCHEMES

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. The MPF Scheme is a defined contribution retirement plan and the assets of the MPF Scheme are held separately from those of the Group in funds administered by independent trustee. Under the MPF Scheme, the Group and its employees makes monthly contributions to the MPF Scheme at 5% of the employee's earnings capped at HK$1,500 (HK$1,250 prior to June 2014) per month to the MPF Scheme.

The employees of the Group's subsidiary in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to profit or loss of approximately HK$2,407,000 (2014: HK$2,036,000) represent contributions payable to these schemes by the Group during the year ended 31 December 2015.

27. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's Scheme was adopted pursuant to a resolution passed on 23 September 2015 for the primary purpose of rewarding the directors and eligible employees, advisers, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the board considers, in its sole discretion, have contributed or will contribute to the Group.

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 in issue at any point in time, without prior approval from the Company's shareholders. Besides, the limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the any share option schemes of our Company must not exceed such number of Shares as shall represent 30% of the total number of Shares in issue from time to time. No options may be granted if such grant will result in this 30% limit being exceeded. The number of Shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 (or such other amount as shall be permissible under the GEM Listing Rules from time to time) must be approved in advance by the Shareholders.

27. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Equity-settled share option scheme of the Company *(Continued)*

Options may be exercised in accordance with the terms of the Scheme shall be a period of time to be notified by the Board to each option-holder, which the Board may in its absolute discretion determine, save that such period shall not be more than ten years from the offer date. The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Shares as stated in Stock Exchange's daily quotations sheets on the date on which the option is offered to a participant ("Offer Date"); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the Shares.

At 31 December 2015, no options had been granted and remained outstanding under the Scheme (2014: nil).

28. CAPITAL COMMITMENTS

At the end of the reporting period, the Group has the following capital commitments in respect of acquisition of plant and equipment:

	2015 ***HK$'000***	2014 *HK$'000*
Contracted for but not provided in the consolidated financial statements	**4,423**	1,482

29. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitment for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Within one year	**1,685**	517
In the second to fifth years inclusive	**2,210**	2,069
Over five years	**1,136**	1,724
	5,031	4,310

Operating lease payment represents rental payable by the Group for certain of its office and production plant. Leases are negotiated for original terms of two to ten years (2014: two to ten years) and rentals are fixed over the lease terms of respective leases.

30. RELATED PARTY DISCLOSURES

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following related party transaction with its related parties:

(a) Related parties' transactions

During the year ended 31 December 2015, the Group was granted the right to use three (2014: three) trademarks registered by a company (the "Related Company") jointly controlled by Mr. Chow Hin Keong, a shareholder and a director of the Company, and an independent third party at nil consideration. In 2015, the Group acquired one of the three trademarks from the Related Company for a cash consideration of HK$2,600,000. Details of the trademark are disclosed in note 16.

(b) Compensation of key management personnel

The Directors considered that they are the only key management personnel of the Group for the years ended 31 December 2015 and 2014 and their emoluments are disclosed in note 14.

The emoluments of directors and key executives are determined by the Board with reference to the performance of individuals and market trends.

31. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Form of business structure	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Group		Principal activities
				2015	2014	
Directly held						
TD Int'l (BVI)	Corporation	BVI	USD1,000	**100%**	100%	Investment holding
Indirectly held						
Top Dynamic (BVI) Limited	Corporation	BVI	USD100	**100%**	100%	Investment holding
TD Electronics	Corporation	Hong Kong	HK$1	**100%**	100%	Trademark holding
Top Empire	Corporation	Hong Kong	HK$1	**100%**	100%	Provision of management service
TD Enterprises	Corporation	Hong Kong	HK$1	**100%**	100%	Trading of electronic and electrical parts and components
Dongguan Jia Jun *(Notes (i) and (ii))*	Corporation	PRC	USD8,000,000	**100%**	100%	Manufacturing and trading of electronic and electrical parts and components

Notes:

(i) Dongguan Jia Jun is a wholly-owned foreign enterprise established in the PRC.

(ii) The English translation of the company name is for reference only. The official name of this company is in Chinese.

None of the subsidiaries had issued any debt securities during both years or at the end of both years.

Financial Summary of the Group

	For the year ended 31 December		
	2013	2014	**2015**
	HK$'000	*HK$'000*	***HK$'000***
Results			
Turnover	45,685	159,323	**215,273**
Profit before tax	6,181	21,797	**37,688**
Total comprehensive income for the year attributable to owners of the Company	5,010	16,243	**21,543**

	As at 31 December		
	2013	2014	**2015**
	HK$'000	*HK$'000*	***HK$'000***
Assets and Liabilities			
Total assets	61,048	137,575	**209,641**
Total liabilities	55,977	116,261	**54,686**
Total equity	5,071	21,314	**154,955**

Note:

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 10 September 2014. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows in this report included the results and cash flows of the companies now comprising the Group as if the current Group structure had been in existence throughout the years ended 31 December 2013 and 2014. The consolidated statements of financial position of the Group as at 31 December 2013 and 2014 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current Group structure had been in existence at those dates.

The financial results of the Group for the years ended 31 December 2013 and 2014 and its financial position as at 31 December 2013 and 2014 are extracted from the Prospectus.

Definitions

In this report, unless the context otherwise requires, the following expressions have the following meanings:

"Articles"	the articles of association of the Company adopted on 23 September 2015
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Capitalisation Issue"	the issue of Shares to be made upon the capitalisation of certain sums standing to the credit of the share premium account of the Company pursuant to the written resolutions of the Shareholders passed on 23 September 2015
"CG Code"	Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules
"close associate(s)"	has the meaning ascribed thereto under the GEM Listing Rules
"Company"	Top Dynamic International Holdings Limited 泰邦集團國際控股有限公司, a company incorporated as an exempted company with limited liability in the Cayman Islands
"Director(s)"	the director(s) of the Company
"Dongguan Jia Jun" or "PRC Subsidiary"	東莞市佳駿電子科技有限公司(Dongguan Jia Jun Electronic Technology Company Limited*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM, as amended, supplemented and/or otherwise modified from time to time as the context may require
"Group"	the Company and its subsidiaries
"HKFRSs"	Hong Kong Financial Reporting Stardards issued by HKICPA
"HKICPA"	Hong Kong Institute of Certified Public Accountants

"HK$" or "HK dollar(s)" and "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing"	the listing of the Shares on GEM on 9 October 2015
"Loan Capitalisation"	the issue of 30,000,000 Shares to each of the nominees of Mr. Chow Hin Keong and Mr. Chow Hin Kok for the set-off of each of their outstanding amounts of HK$30,000,000 owed by the Company, credited as fully paid, on 22 September 2015, particulars of which are set out in the Prospectus
"Model Code"	a code of conduct adopted by the Company regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules effective from the date of Listing
"Period"	the year ended 31 December 2015
"Placing"	the placing of the Shares by the Company in connection with the Listing, particulars of which are set out in the Prospectus
"Platinum Dynamic"	Platinum Dynamic Investments Ltd, a company incorporated in the BVI wholly-owned by Mr. Chow Hin Keong, Chairman of the Board and an executive Director, and is one of our controlling shareholders (as defined under the GEM Listing Rules)
"PRC" or "China" or "Mainland China"	the People's Republic of China, save that, for the purpose of this report and unless the context otherwise requires, references in this report do not include Hong Kong, Macau and Taiwan
"Prospectus"	the prospectus of the Company dated 30 September 2015 issued in connection with the Listing
"Reorganisation"	the reorganisation of the Company in connection with the Listing, details of the Reorganisation are set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Group Structure" of the Prospectus

Definitions

"Scheme"	the share option scheme of the Company adopted by the Shareholders on 23 September 2015
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Silver Dynamic"	Silver Dynamic Investments Ltd, a company incorporated in the BVI wholly-owned by Mr. Chow Hin Kok, an executive Director and the Chief Executive Officer of the Company, and is one of our controlling shareholders of the Company (as defined under the GEM Listing Rules)
"Subdivision"	the sub-division of each issued and unissued share of the Company of HK$0.10 each into ten Shares of HK$0.01 each pursuant to the written resolutions of the Shareholders passed on 22 September 2015
"TD Electronics"	Top Dynamic Electronics Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"Top Empire"	Top Empire Management Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"TD Enterprises"	Top Dynamic Enterprises Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"TD Int'l (BVI)"	Top Dynamic International (BVI) Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
"%"	per cent

* *The English translation of the company name is for reference only. The official name of this company is in Chinese.*