The following is the text of a report prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, SHINEWING (HK) CPA Limited.

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
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30 September 2015

The Directors
Top Dynamic International Holdings Limited
Office A, 31st Floor,
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10 Cheung Yue Street,
Cheung Sha Wan, Kowloon,
Hong Kong

Celestial Capital Limited
21/F, Low Block,
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Dear Sirs,

INTRODUCTION

We set out below our report on the financial information (the "Financial Information") regarding Top Dynamic International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the two years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 (the "Track Record Period") for inclusion in the prospectus of the Company dated 30 September 2015 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company, principally engaged in investment holding, was incorporated in the Cayman Islands on 10 September 2014 as an exempted company with limited liability under the Cayman Companies Law, Chapter 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. Pursuant to a group reorganisation as detailed in the section headed "*History, Reorganisation And Group Structure*" of the Prospectus (the "Reorganisation"), which was completed on

22 September 2015, the Company became the holding company of the companies now comprising the Group, details of which are set out below. The Company has not carried on any business since the date of its incorporation.

As at 31 December 2013 and 2014 and 31 March 2015 and up to the date of this report, the particulars of the Company's subsidiaries are set out as follows:

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Group				Principal activities
			At 31 December 2013	At 31 December 2014	At 31 March 2015	At the date of this report	
Directly held							
Top Dynamic International (BVI) Limited ("TD International")	British Virgin Islands ("BVI") 25 August 2009	Issued and fully paid share capital US$1,000	100%	100%	100%	100%	Investment holding
Indirectly held							
Top Dynamic (BVI) Limited ("TD (BVI)")	BVI 13 October 2009	Issued and fully paid share capital US$100	100%	100%	100%	100%	Investment holding
Top Dynamic Electronics Limited ("TD Electronics")	Hong Kong 23 August 2013	Issued and fully paid share capital HK$1	100%	100%	100%	100%	Trademark holding
Top Empire Management Limited ("Top Empire")	Hong Kong 18 March 2013	Issued and fully paid share capital HK$1	100%	100%	100%	100%	Provision of management service
Top Dynamic Enterprises Limited ("TD Enterprises ")	Hong Kong 11 July 2012	Issued and fully paid share capital HK$1	100%	100%	100%	100%	Trading of electronic and electrical parts and components
東莞市佳駿電子科技有限公司 Dongguan Jia Jun Electronics Technology Company Limited* ("Dongguan Jia Jun")	People's Republic of China ("PRC") 27 April 2013	Registered capital US$8,000,000	100%	100%	100%	100%	Manufacturing and trading of electronic and electrical parts and components

The Company and all the companies now comprising the Group have adopted 31 December as their financial year end date.

As at the date of this report, no statutory audited financial statements have been prepared for the Company, TD International and TD (BVI) since their respective dates of incorporation as there are no statutory requirements under the relevant rules and regulations in their jurisdictions of incorporation. For the purposes of this report, we have, however, reviewed all the relevant transactions of these companies since their respective dates of incorporation to 31 March 2015 and carried out such procedures as we considered necessary for inclusion of the Financial Information relating to these companies in the Financial Information.

The statutory audited financial statements of TD Electronics, Top Empire and TD Enterprises for the period from their respective dates of incorporation to 31 December 2013 and year ended 31 December 2014 were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and were audited by us.

The statutory audited financial statements of Dongguan Jia Jun for the period from 27 April 2013 to 31 December 2013 and 2014 was prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC and were audited by Shenzhen Xinrui Certified Public Accountants*（深圳新睿會計師事務所）, certified public accountants registered in the PRC.

* *The English name is a translation of its Chinese name and included herein for identification purpose only*

BASIS FOR PREPARATION

For the purpose of this report, the directors of the Company have prepared the financial statements of the Company and the combined financial statements of the Group for the Track Record Period in accordance with HKFRSs issued by the HKICPA (the "Underlying Financial Statements"). We have undertaken independent audits on the Underlying Financial Statements for each of the two years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements on the basis set out on note 1 of Section A below, with no adjustments thereto, and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules").

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an independent opinion on the Financial Information and to report our opinion thereon to you. We have also examined the Underlying Financial Statements and carried out additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, for the purpose of this report, and on the basis of preparation set out in note 1 of Section A below, the Financial Information gives a true and fair view of the financial position of the Company as at 31 December 2014 and 31 March 2015 and of the Company and its subsidiaries as at 31 December 2013 and 2014 and 31 March 2015, and of their financial performance and cash flows for the Track Record Period.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited financial information of the Group comprising the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the three months ended 31 March 2014, together with notes thereto (the "March 2014 Financial Information") extracted from the Group's unaudited combined financial statements for the same period, for which the directors of the Company are responsible for the preparation, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our responsibility is to express a conclusion on the March 2014 Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the March 2014 Financial Information.

Based on our review, nothing has come to our attention that causes us to believe that the March 2014 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

A. FINANCIAL INFORMATION

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 December		For the three months ended 31 March	
		2013	2014	2014	2015
	Notes	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Turnover	*7*	45,685	159,323	23,309	49,023
Cost of sales		(37,105)	(116,422)	(17,672)	(33,056)
Gross profit		8,580	42,901	5,637	15,967
Other income		2	7	1	84
Selling and distribution costs		(318)	(5,457)	(370)	(2,401)
Administrative expenses		(2,083)	(15,654)	(1,496)	(5,807)
Profit before tax		6,181	21,797	3,772	7,843
Income tax expenses	*8*	(1,373)	(5,581)	(912)	(2,042)
Profit for the year/period	*9*	4,808	16,216	2,860	5,801
Other comprehensive income (expense) for the year/period					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of a foreign operation		202	27	(226)	(335)
Total comprehensive income for the year/period attributable to owners of the Company		5,010	16,243	2,634	5,466

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2013	As at 31 December 2014	As at 31 March 2015
		HK$'000	*HK$'000*	*HK$'000*
Non-current assets				
Plant and equipment	*13*	22,438	55,741	54,572
Prepayments for plant and equipment		1,200	334	1,168
Rental prepayment	*15*	212	–	–
		23,850	56,075	55,740
Current assets				
Inventories	*14*	2,726	11,456	11,678
Trade and other receivables	*15*	28,310	53,770	54,334
Pledged deposit	*16*	–	5,000	5,009
Bank balances and cash	*16*	6,162	11,274	16,223
		37,198	81,500	87,244
Current liabilities				
Trade and other payables	*17*	37,459	52,499	51,915
Amounts due to shareholders	*18*	17,136	60,000	60,000
Tax payables		1,382	3,412	3,970
		55,977	115,911	115,885
Net current liabilities		(18,779)	(34,411)	(28,641)
Total assets less current liabilities		5,071	21,664	27,099
Non-current liability				
Deferred tax liabilities	*19*	–	350	319
		5,071	21,314	26,780
Capital and reserves				
Share capital	*20*	8	–	–
Reserves	*20*	5,063	21,314	26,780
		5,071	21,314	26,780

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2014 HK$'000	As at 31 March 2015 HK$'000
Current asset			
Prepayments	15	1,239	537
Current liabilities			
Other payables	17	526	734
Amount due to a related company	18	4,165	5,327
		4,691	6,061
		(3,452)	(5,524)
Capital and reserve			
Share capital	20	–	–
Accumulated losses	20	(3,452)	(5,524)
		(3,452)	(5,524)

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital	PRC statutory reserve	Capital reserve	Translation reserve	Retained profits	Total
	HK$'000	*HK$'000* *(note 20b(i))*	*HK$'000* *(note 20b(ii))*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013	8	–	–	–	53	61
Profit for the year	–	–	–	–	4,808	4,808
Other comprehensive income for the year:						
Exchange difference arising on translation of a foreign operation	–	–	–	202	–	202
Total comprehensive income for the year	–	–	–	202	4,808	5,010
Transfer to PRC statutory reserves	–	236	–	–	(236)	–
At 31 December 2013 and 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
Transfer to capital reserve	(8)	–	8	–	–	–
Transfer to PRC statutory reserve	–	926	–	–	(926)	–
At 31 December 2014	–	1,162	8	229	19,915	21,314

	Share capital	PRC statutory reserve	Capital reserve	Translation reserve	Retained profits	Total
	HK$'000	*HK$'000* *(note 20b(i))*	*HK$'000* *(note 20b(ii))*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2015	–	1,162	8	229	19,915	21,314
Profit for the period	–	–	–	–	5,801	5,801
Other comprehensive expense for the period:						
Exchange difference arising on translation of a foreign operation	–	–	–	(335)	–	(335)
Total comprehensive income (expense) for the period	–	–	–	(335)	5,801	5,466
At 31 March 2015	–	1,162	8	(106)	25,716	26,780
At 1 January 2014 (audited)	8	236	–	202	4,625	5,071
Profit for the period	–	–	–	–	2,860	2,860
Other comprehensive expense for the period:						
Exchange difference arising on translation of a foreign operation	–	–	–	(226)	–	(226)
Total comprehensive income (expense) for the period	–	–	–	(226)	2,860	2,634
At 31 March 2014 (unaudited)	8	236	–	(24)	7,485	7,705

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December		Three months ended 31 March	
	2013	**2014**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
OPERATING ACTIVITIES				
Profit before tax	6,181	21,797	3,772	7,843
Adjustments for:				
Bank interest income	(2)	(7)	(1)	(11)
Depreciation of plant and equipment	668	5,052	665	1,774
Operating cash flows before working capital changes	6,847	26,842	4,436	9,606
(Increase) decrease in rental prepayment	(212)	212	212	–
Increase in inventories	(2,611)	(8,722)	(5,834)	(299)
Increase in trade and other receivables	(27,349)	(25,401)	(3,727)	(704)
Increase in trade and other payables	24,000	21,934	23,459	2,970
Cash generated from operations	675	14,865	18,546	11,573
Hong Kong Profits tax paid	–	(559)	–	(232)
PRC Enterprises Income Tax paid	–	(2,648)	(887)	(1,278)
NET CASH GENERATED FROM OPERATING ACTIVITIES	675	11,658	17,659	10,063
INVESTING ACTIVITIES				
Acquisition of plant and equipment	(10,430)	(31,724)	(13,759)	(805)
Settlement of payables for plant and equipment	–	(12,359)	(4,673)	(3,458)
Prepayments for plant and equipment	(1,200)	(334)	(915)	(851)
Interest received	2	7	1	11
NET CASH USED IN INVESTING ACTIVITIES	(11,628)	(44,410)	(19,346)	(5,103)
FINANCING ACTIVITIES				
Advances from shareholders	17,115	42,864	9,525	–
Placement of pledged deposit	–	(5,000)	–	(9)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	17,115	37,864	9,525	(9)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,162	5,112	7,838	4,951
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	–	6,162	6,162	11,274
Effect of foreign exchange rate changes	–	–	–	(2)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD, represented by bank balances and cash	6,162	11,274	14,000	16,223

NOTES TO THE FINANCIAL INFORMATION

1. General and Basis of presentation and preparation of the financial information

General

The Company was incorporated in the Cayman Islands on 10 September 2014 as an exempted company with limited liability under the Cayman Companies Law, Chapter 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The address of its registered office 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 on 31st Floor, Billion Plaza II, No. 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong. The Company is principally engaged in investment holding. The principal activities of its subsidiaries are the manufacturing and trading of electronic and electrical parts and components.

The Financial Information is presented in Hong Kong dollars ("HK$") which is the same as the functional currency of the Company.

Basis of preparation

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 22 September 2015. The companies now comprising the Group have been under the common control of Mr. Chow Hin Keong and Mr. Chow Hin Kok (the "Controlling Shareholders") throughout the Track Record Period or since their respective dates of incorporation or establishment and up to date of this report. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the Financial Information of the Group has been prepared on the combined basis as if the Company had always been the holding company of the companies comprising the Group throughout the Track Record Period, by applying 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 3 below.

The combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows 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 Track Record Period. The combined statements of financial position of the Group as at 31 December 2013 and 2014 and 31 March 2015 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 as at those dates.

As at 31 March 2015, the Group had net current liabilities of approximately HK$28,641,000. As further detailed in sub-section headed "*Financial Information – NET CURRENT LIABILITIES*" of the Prospectus, subsequent to the end of the Track Record Period, the amounts due by the Group to the Controlling Shareholders of HK$60,000,000 in aggregate as at 31 March 2015 has been capitalised for the issue of 60,000,000 ordinary shares of HK$0.01 each in the Company to the Controlling Shareholders.

Accordingly, the directors of the Company considered that it is appropriate to prepare the Financial Information on a going concern basis.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

For the purpose of preparing and presenting the Financial Information for the Track Record Period, 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 Hong Kong Companies Ordinance (Cap. 622) which are effective for the Group's financial year beginning on 1 January 2015.

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

Amendment to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance 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 HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
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]
HKFRS 9 (2014)	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Account[1]
HKFRS 15	Revenue from Contracts with Customers[2]

[1] *Effective for annual periods beginning on or after 1 January 2016.*

[2] *Effective for annual periods beginning on or after 1 January 2017.*

[3] *Effective for annual periods beginning on or after 1 January 2018.*

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

Annual Improvements 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.

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.

The directors of the Company anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle will not have a material effect on the Financial Information.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for HKFRS 9 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. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

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 (2014), 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 (2014) 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.

- 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 earlier application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant 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 that effect until a detailed review has been completed.

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:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: 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 2017 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Financial Information. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until a detailed review has been completed.

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

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for 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.

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 prospectively.

As the Group use straight-line method for depreciation of plant and equipment, the directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Financial Information.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments to HKAS 27 allow an entity to apply the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. As a result of the amendments, the entity can choose to account for these investments either:

i) at cost;

ii) in accordance with HKFRS 9 (or HKAS 39); or

iii) using the equity method as described in HKAS 28.

The amendments to HKAS 27 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 Company does not have any investment in associates or joint ventures, the directors of the Company do not anticipate that the application of the amendments to HKAS 27 will have a material impact on the Financial Information.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement 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 of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Financial Information.

3. Significant accounting policies

The Financial Information have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared under 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 combination

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the combined financial statements for like transactions and events in similar circumstances (please specify), appropriate adjustments are made to that subsidiary's financial statements in preparing the combined financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting right; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Combination of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the combined statement of profit or loss and other comprehensive income from the date the Group gains control and until the date when the Group ceases to control the subsidiary.

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

Merger accounting for business combination involving entities under common control

The Financial Information includes the financial information 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 consolidated 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 combined statements 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 Financial Information 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.

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 combined statements 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.

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 information 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 Financial Information, 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/period. 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/period. Taxable profit differs from 'profit before tax' as reported in the combined statements 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.

Deferred tax is recognised on temporary difference between the carrying amounts of assets and liabilities in the Financial Information 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 assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition 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.

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

Deferred tax 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 tax 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.

Financial instruments

Financial assets and financial liabilities are recognised 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.

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).

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.

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 a group entity 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.

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.

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible 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 unites for which a reasonable and consistent allocation basis can be identified.

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 combined statements 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 combined statements 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. Critical accounting judgement and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Information.

Going concern basis

Although the Group had net current liabilities of approximately HK$28,641,000 at 31 March 2015, the Group manages its liquidity risk by monitoring its current and expected liquidity requirements regularly and ensuring sufficient liquid cash to meet the Group's liquidity requirements in the short and long term. Details of the factor that may cast doubt on the Group's ability to continue as a going concern and the measures taken are disclosed in note 1.

Key sources of estimation uncertainty

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

Plant and equipment are stated at cost less accumulated depreciation and identified impairment losses. The estimation of useful lives impacts the level of annual depreciation expenses recorded. Plant and equipment 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 combined statement of profit or loss. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2013 and 2014 and 31 March 2015, the carrying amount of plant and equipment were approximately HK$22,438,000, HK$55,741,000 and HK$54,572,000 respectively. No impairment had been recognised during the Track Record Period or as at 31 December 2013 and 2014 and 31 March 2015.

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 2013 and 2014 and 31 March 2015, the carrying amounts of inventories were approximately HK$2,726,000, HK$11,456,000 and HK$11,678,000 respectively and no allowance had been recognised during the Track Record Period or as at 31 December 2013 and 2014 and 31 March 2015.

Estimated impairment loss of 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 2013 and 2014 and 31 March 2015, the carrying amount of the Group's trade and other receivables were approximately HK$28,522,000, HK$53,770,000 and HK$54,334,000 respectively. No impairment had been recognised during the Track Record Period or as at 31 December 2013 and 2014 and 31 March 2015.

5. Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholder through the optimisation of the debt and equity balance. The Group's overall strategy remained unchanged throughout the Track Record Period.

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

The directors of the Company also endeavor to ensure the steady and reliable cash flows from the normal business operation.

6. Financial risk management

(a) Categories of financial instruments

	The Group			The Company	
	As at 31 December		As at 31 March	As at 31 December	As at 31 March
	2013	2014	2015	2014	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets					
Loans and receivables (including bank balances and cash)	30,406	60,319	68,061	–	–
Financial liabilities					
Financial liabilities measured at amortised cost	54,595	112,490	110,475	4,691	6,061

(b) Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables and amounts due to shareholders and a related company. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included credit risk, market risk (currency risk and interest rate risk) and liquidity risk. 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 2013 and 2014 and 31 March 2015, the Group's and the Company'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 combined statements 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 of the Company consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk as 30%, 14% and 17% respectively of the total trade receivables as at 31 December 2013 and 2014 and 31 March 2015 was due from the Group's largest customer and 67%, 49% and 50% respectively of the total trade receivables as at 31 December 2013 and 2014 and 31 March 2015 was due from the Group's five largest customers.

The Group's concentration of credit risk by geographical locations is mainly in the People's Republic of China ("PRC"), which accounted for 64%, 44% and 53% of the total trade receivables as at 31 December 2013 and 2014 and 31 March 2015 respectively.

The credit risk for bank balances is considered minimal as such amounts are placed with banks with high credit ratings assigned by international credit-rating agencies.

Market risk

(i) 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 2013 and 2014 and the three months ended 31 March 2015, approximately 59%, 73% and 69% of the Group's sales are denominated in currencies other than the functional currency of the group entity making the sales respectively, whilst almost 6%, 11% and 22% of costs are not denominated in the respective group entity's functional currency respectively.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at 31 December 2013 and 2014 and 31 March 2015 are as follows:

	Assets		
	As at 31 December		As at 31 March
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
United States dollars ("USD")	7,495	26,300	29,033
RMB	1,486	7,786	3,393
HK$	–	–	1,053
	8,981	34,086	33,479

	Liabilities		
	As at 31 December		As at 31 March
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
USD	128	4,520	6,351
RMB	907	–	828
	1,035	4,520	7,179

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

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% increase and decrease in functional currency of respective group entities against the relevant foreign currencies. 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% 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% against the relevant foreign currencies. For a 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.

	As at 31 December		**As at 31 March**
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
The Group			
Effect on post-tax profit			
USD	308	909	947
RMB	24	325	107
HK$	–	–	40

(ii) Interest rate risk

As at 31 December 2013 and 2014 and 31 March 2015, the Group was exposed to cash flow interest rate risk in relation to variable-rate bank balances. It is the Group's policy to keep its bank deposits and balances at floating rate of interests so as to minimise the fair value interest rate risk.

As at 31 December 2013, the Group was not exposed to any fair value interest rate risk. As at 31 December 2014 and 31 March 2015, the Group was exposed to fair value interest rate risk in relation to the fixed-rate pledged deposit.

The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The directors of the Company considered that the Group's exposure to interest rate risk is minimal due to the short maturity period of bank balances and thus no sensitivity analysis is presented.

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including cash, current working capital and the raising of funds. The Group's policy is to regularly monitor 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 March 2015, the Group had net current liabilities of approximately HK$28,641,000 which exposed it to liquidity risk. In the management of the liquidity risk, the Group obtains financing deemed adequate by the management to finance its operations. The factors that may cast doubt on the Group's ability to continue as a going concern and the measures taken are set out in note 1.

As at 31 December 2013 and 2014 and 31 March 2015, the Group's and the Company's remaining contractual maturities for their non-derivative financial liabilities, based on the undiscounted cash flows of financial liabilities on the earliest date on which the Group or the Company can be required to pay, are within one year or repayable on demand.

(c) Fair values of financial instruments

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

7. Turnover and segment information

Information reported to the board of directors, 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 trading and manufacturing as follows:

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

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

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 risk and returns. Accordingly, the Group's operating activities are attributable to trading and manufacturing segments.

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

Segment revenue and results

The followings are analysis of the Group's revenue and results by reportable and operating segments:

	Trading	Manufacturing	Total
	HK$'000	*HK$'000*	*HK$'000*
For the year ended 31 December 2013			
Segment revenue	34,295	11,390	45,685
Segment profit	3,266	4,996	8,262
Unallocated income			2
Unallocated expenses			(2,083)
Combined profit before tax			6,181
For the year ended 31 December 2014			
Segment revenue	78,578	80,745	159,323
Segment profit	8,047	29,397	37,444
Unallocated income			7
Unallocated expenses			(15,654)
Combined profit before tax			21,797
For the three months ended 31 March 2014 (unaudited)			
Segment revenue	14,067	9,242	23,309
Segment profit	1,590	3,677	5,267
Unallocated income			1
Unallocated expenses			(1,496)
Combined profit before tax			3,772

	Trading	Manufacturing	Total
	HK$'000	*HK$'000*	*HK$'000*
For the three months ended 31 March 2015			
Segment revenue	16,994	32,029	49,023
Segment profit	1,469	12,097	13,566
Unallocated income. . . .			84
Unallocated expenses. . .			(5,807)
Combined profit before tax			7,843

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. 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.

Segment assets and liabilities

The followings are analysis of the Group's assets and liabilities by reportable and operating segments.

	As at 31 December		As at 31 March
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
SEGMENT ASSETS			
Trading	17,281	22,883	20,002
Manufacturing	35,751	95,523	99,187
Unallocated	8,016	19,169	23,795
Total assets	61,048	137,575	142,984
SEGMENT LIABILITIES			
Trading	17,623	25,762	26,412
Manufacturing	18,838	23,022	21,371
Unallocated	19,516	67,477	68,421
Total liabilities	55,977	116,261	116,204

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

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

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

Other segment information

Amounts included in the measure of segments results or segment assets

	Trading	Manufacturing	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2013				
Depreciation of plant and equipment	–	656	12	668
Additions to non-current assets	–	22,903	1,298	24,201
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
Three months ended 31 March 2014 (unaudited)				
Depreciation of plant and equipment	–	591	74	665
Additions to non-current assets	–	14,899	255	15,154
Three months ended 31 March 2015				
Depreciation of plant and equipment	–	1,436	338	1,774
Additions to non-current assets	–	1,650	7	1,657

Geographical information

The Group's operations are located in Hong Kong (the place of domicile of the Group's operation) and the PRC.

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	PRC (excluding Hong Kong)	Asia (excluding Korea, PRC and Hong Kong)	Korea	Europe and other	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers						
Year ended 31 December 2013	7,193	19,191	5,443	12,933	925	45,685
Year ended 31 December 2014	14,876	69,527	5,680	58,233	11,007	159,323
Three months ended 31 March 2014 (unaudited)	1,610	11,981	262	7,116	2,340	23,309
Three months ended 31 March 2015	2,497	20,014	5,357	19,071	2,084	49,023
Non-current assets						
As at 31 December 2013	2,264	21,586	–	–	–	23,850
As at 31 December 2014	2,903	53,172	–	–	–	56,075
As at 31 March 2015	3,446	52,294	–	–	–	55,740

Information about major customer

Details of the customer accounting for 10% or more of the total revenue of the Group during the Track Record Period are as follows:

	Year ended 31 December		Three months ended 31 March	
	2013	2014	2014	2015
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Customer A[1]	10,647	16,692	3,788	N/A[2]
Customer B[1]	8,652	N/A[2]	7,487	N/A[2]
Customer C[1]	N/A[2]	N/A[2]	2,617	N/A[2]
Customer D[1]	–	N/A[2]	–	6,056

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

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

8. Income tax expenses

	The Group			
	Year ended 31 December		Three months ended 31 March	
	2013	2014	2014	2015
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Current tax				
Hong Kong Profits tax	493	2,205	595	886
Statutory tax reduction	(10)	–	–	–
PRC Enterprise Income Tax	890	3,026	306	1,187
	1,373	5,231	901	2,073
Deferred tax *(note 19)*	–	350	11	(31)
	1,373	5,581	912	2,042

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

(b) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the Track Record Period.

(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%.

The income tax expenses for the year/period can be reconciled to the profit before tax per the combined statements of profit or loss and other comprehensive income as follows:

	The Group			
	Year ended 31 December		Three months ended 31 March	
	2013	2014	2014	2015
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit before tax	6,181	21,797	3,772	7,843
Tax at the domestic income tax rate of 16.5%	1,020	3,596	622	1,294
Effect of different tax rate of a subsidiary operating in other jurisdiction	286	958	235	327
Tax effect of expenses not deductible for tax purpose	64	830	51	415
Tax effect of income not taxable for tax purpose	–	–	–	(2)
Tax effect of temporary differences not recognised	–	27	–	12
Utilisation of tax losses previously not recognised	–	–	–	(4)
Tax effect of tax losses not recognised	13	170	4	–
Statutory tax reduction	(10)	–	–	–
Income tax expenses for the year/period	1,373	5,581	912	2,042

Details of the deferred tax are set out in note 19.

9. Profit for the year/period

Profit for the year/period has been arrived at after charging (crediting):

	The Group			
	Year ended 31 December		Three months ended 31 March	
	2013	2014	2014	2015
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Bank interest income	(2)	(7)	(1)	(11)
Exchange gains, net	–	–	–	(73)
	(2)	(7)	(1)	(84)
Listing expenses	–	3,373	–	2,038
Auditors' remuneration	183	325	–	–
Amount of inventories recognised as expenses	37,105	116,422	17,672	33,056
Depreciation of plant and equipment	668	5,052	665	1,774
Exchange losses, net	206	276	50	–
Operating lease rentals in respect of rented premises	411	797	200	199
Emoluments of directors and chief executive *(note 12)*	158	1,033	76	626
Other staff costs:				
Salaries and allowances	1,163	10,858	1,459	3,711
Retirement benefits scheme contributions	250	2,026	64	682
	1,571	13,917	1,599	5,019

10. Dividend

No dividend was paid or proposed during the Track Record Period and the three months ended 31 March 2014, nor has any dividend been proposed after 31 March 2015.

11. Earnings per share

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

12. Emoluments of directors, chief executive and employees

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

	Year ended 31 December 2013		
	Chow Hin Kok	**Chow Hin Keong**	**Total**
	HK$'000	*HK$'000*	*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 and other emoluments	–	–	–
– Contributions to retirement benefits scheme	–	–	–
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	158	–	158
– Contributions to retirement benefits scheme	–	–	–
	158	–	158

	Year ended 31 December 2014		
	Chow Hin Kok	**Chow Hin Keong**	**Total**
	HK$'000	*HK$'000*	*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 and other emoluments	–	–	–
– Contributions to retirement benefits scheme	–	–	–
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	623	400	1,023
– Contributions to retirement benefits scheme	5	5	10
	628	405	1,033

	Three months ended 31 March 2014 (Unaudited)		
	Chow Hin Kok	**Chow Hin Keong**	**Total**
	HK$'000	*HK$'000*	*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 and other emoluments	–	–	–
– Contribution to retirement benefits scheme	–	–	–
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	76	–	76
– Contributions to retirement benefits scheme	–	–	–
	76	–	76

	Three months ended 31 March 2015		
	Chow Hin Kok	**Chow Hin Keong**	**Total**
	HK$'000	*HK$'000*	*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 and other emoluments	–	–	–
– Contribution to retirement benefits scheme	–	–	–
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	316	300	616
– Contributions to retirement benefits scheme	5	5	10
	321	305	626

Note i: The emoluments represent the payments to the directors in respect of their services in connection with management of the affairs of the Group.

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

Of the five individuals with the highest emoluments in the Group, one, two, two and one were directors including the chief executive of the Company for the Track Record Period and for the three months ended 31 March 2014 respectively whose emoluments are included in the disclosures above. The emoluments of the remaining four and three, three and four individuals for the Track Record Period and the three months ended 31 March 2014 were as follows:

	The Group			
	Year ended 31 December		Three months ended 31 March	
	2013	2014	2014	2015
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Salaries and allowances	332	1,684	381	453
Contributions to retirement benefits scheme	11	48	11	12
	343	1,732	392	465

Their emoluments fell within the band of nil to HK$1,000,000 for the Track Record Period and the three months ended 31 March 2014.

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 Track Record Period and for the three months ended 31 March 2014.

No directors (including the chief executive) or the five highest paid individuals waived any emoluments in the Track Record Period and the three months ended 31 March 2014.

13. Plant and equipment

	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
COST				
At 1 January 2013	–	–	–	–
Additions	2,618	19,661	510	22,789
Exchange realignment	30	292	4	326
At 31 December 2013 and 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	4	776	43	823
Exchange realignment	(10)	(224)	(4)	(238)
At 31 March 2015	2,972	55,074	4,027	62,073
ACCUMULATED DEPRECIATION				
At 1 January 2013	–	–	–	–
Charge for the year	73	583	12	668
Exchange realignment	1	8	–	9
At 31 December 2013 and 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 period	180	1,300	294	1,774
Exchange realignment	(2)	(17)	(1)	(20)
At 31 March 2015	916	5,497	1,088	7,501
CARRYING VALUES				
At 31 December 2013	2,574	19,362	502	22,438
At 31 December 2014	2,240	50,308	3,193	55,741
At 31 March 2015	2,056	49,577	2,939	54,572

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%

14. Inventories

	The Group		
	As at 31 December		As at 31 March
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Raw materials	1,657	6,547	5,236
Finished goods	1,069	4,909	6,442
	2,726	11,456	11,678

15. Trade and other receivables

	The Group			The Company	
	As at 31 December		As at 31 March	As at 31 December	As at 31 March
	2013	2014	2015	2014	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	24,214	42,601	44,515	–	–
Deposits and other receivables	30	1,444	2,314	–	–
Prepayments	4,278	9,725	7,505	1,239	537
	28,522	53,770	54,334	1,239	537
Less: Non-current rental prepayments*	(212)	–	–	–	–
	28,310	53,770	54,334	1,239	537

* Balance as at 31 December 2013 represented rental prepayment for the Group's office premises in Hong Kong for the period from January to September 2015 and thus were classified as non-current asset as at 31 December 2013.

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 Track Record Period or as at 31 December 2013 and 2014 and 31 March 2015.

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 approximated the respective revenue recognition dates, at the end of the reporting period.

	The Group		
	As at 31 December		As at 31 March
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Within 3 months	22,889	40,368	39,258
Over 3 months but less than 6 months	1,325	2,179	5,112
Over 6 months but less than 1 year	–	54	145
	24,214	42,601	44,515

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:

	The Group		
	As at 31 December		As at 31 March
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Current	22,784	41,464	42,758
Overdue within 3 months	1,430	1,137	1,612
Overdue 3 months to 6 months	–	–	145
	24,214	42,601	44,515

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$1,430,000, HK$1,137,000 and HK$1,757,000 as at 31 December 2013 and 2014 and 31 March 2015 respectively which were 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.

16. Pledged deposit and bank balances and cash

Cash at banks carried interest at floating rates based on daily bank deposit rates for the Track Record Period. The pledged deposit carries fixed interest rate of 0.75% per annum during the year ended 31 December 2014 and period ended 31 March 2015 and is pledged to a bank to secure short-term banking facilities granted to the Group.

17. Trade and other payables

	The Group			The Company	
	As at 31 December		As at 31 March	As at 31 December	As at 31 March
	2013	2014	2015	2014	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	23,731	41,239	42,305	–	–
Payables for plant and equipment	12,359	5,366	1,912	–	–
Receipts in advance	–	9	1,440	–	–
Accruals and other payables	1,369	5,885	6,258	526	734
	37,459	52,499	51,915	526	734

Included in the Group's accruals and other payables as at 31 December 2013 and 2014 and 31 March 2015, were accrued directors' emoluments of approximately HK$25,000, HK$385,000 and HK$205,000 respectively.

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

	The Group		
	As at 31 December		As at 31 March
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Within 3 months	18,165	36,249	32,546
Over 3 months but less than 6 months	5,566	4,979	9,759
Over 6 months but less than 1 year	–	11	–
	23,731	41,239	42,305

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.

18. Amounts due to shareholders/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.

19. Deferred tax

The following is the analysis of the Group's deferred liabilities (assets), after set off certain deferred tax assets against deferred tax liabilities of the same taxable entity, for financial reporting purposes:

	The Group		
	As at 31 December		As at 31 March
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Deferred tax assets	(25)	–	–
Deferred tax liabilities	25	350	319
	–	350	319

The following are the major deferred tax (assets) liabilities of the Group recognised and movements thereon during the Track Record Period:

	Tax losses	Accelerated tax depreciation	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2013	–	–	–
(Credited) charged to profit or loss	(25)	25	–
At 31 December 2013 and 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	–	(31)	(31)
At 31 March 2015	–	319	319

At 31 December 2013 and 2014 and 31 March 2015, the Group has unused tax losses of approximately HK$231,000, HK$1,109,000 and HK$1,086,000 respectively available for offset against future profits indefinitely. As at 31 December 2013, 2014 and 31 March 2015, a deferred tax asset had been recognised in respect of tax losses of approximately HK$151,000, nil and nil respectively. As at 31 December 2013 and 2014 and 31 March 2015, no deferred tax asset had been recognised in respect of remaining tax losses of HK$80,000, HK$1,109,000 and HK$1,086,000 respectively due to the unpredictability of future profit streams.

At 31 December 2013 and 2014 and 31 March 2015, the Group has deductible temporary differences of approximately nil, HK$162,000 and HK$232,000. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised.

At 31 December 2013 and 2014 and 31 March 2015, the aggregate amount of temporary difference associated with undistributed earnings of a subsidiary amounted to approximately HK$2,494,000, HK$12,287,000 and HK$15,959,000 respectively and no deferred tax liability has been recognised in respect of these undistributed earnings because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such difference will not reverse in the foreseeable future.

20. Share capital and reserves

(a) Share capital

The balances of share capital as at 1 January 2013, 31 December 2013 and 1 January 2014 represented share capital of TD International and the balance as at 31 December 2014, 1 January 2015 and 31 March 2015 represented share capital of the Company.

TD International was incorporated in the BVI on 25 August 2009. As at the date of its incorporation, TD International had authorised share capital of US$50,000 divided into 50,000 shares of US$1 each. 1000 ordinary shares of US$1 each (in aggregate equivalent to approximately HK$8,000) were issued at par on incorporation.

The Company was incorporated in the Cayman Islands on 10 September 2014. As at the date of its incorporation, the Company had authorised share capital of HK$5,000 divided into 50,000 shares of HK$0.1 each. Two ordinary shares of HK$0.1 each were issued at par on incorporation.

The share capital of TD International was transferred to capital reserve as part of the Reorganisation.

(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 directors 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 International contributed by the Controlling Shareholders.

(iii) Accumulated losses of the Company

	HK$'000
At 10 September 2014 (date of incorporation)	–
Loss and total comprehensive expenses for the period	3,452
At 31 December 2014 and 1 January 2015	3,452
Loss and total comprehensive expenses for the period	2,072
At 31 March 2015	5,524

21. 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$250,000, HK$2,036,000, HK$692,000 and HK$64,000 represent contributions payable to these schemes by the Group for the Track Record Period and for the three months ended 31 March 2014 respectively.

22. Capital commitments

As at 31 December 2013 and 2014 and 31 March 2015, the Group has the following capital commitments in respect of acquisition of plant and equipment:

	The Group		
	As at 31 December		**As at 31 March**
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Contracted but not provided for.	1,205	1,482	997

23. Lease commitment

The Group as lessee

At 31 December 2013 and 2014 and 31 March 2015, the Group had commitment for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December		As at 31 March
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Within one year	519	517	1,475
In the second to fifth years inclusive	2,076	2,069	3,107
Over five years	2,249	1,724	1,588
	4,844	4,310	6,170

Operating lease payment represents rental payable by the Group for certain of its office and production plant. Lease is negotiated for original terms of 2 to 10 years and rentals are fixed over the lease terms of respective leases.

24. Related party disclosures

Save as disclosed elsewhere in the Financial Information, the Group has the following transactions with its related parties.

(a) During the Track Record Period, the Group was granted the right to use 3 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.

(b) Compensation of key management personnel

The directors of the Company considered that they are the only key management personnel of the Group and their emoluments are disclosed in note 12.

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

B. EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to the end of the Track Record Period, the Group acquired a trademark from the Related Company for a cash consideration of HK$2,600,000.

(b) The Reorganisation was completed on 22 September 2015 and the Company become the holding company of the Group on the same date.

(c) Pursuant to a resolution in writing of the Controlling Shareholders of the Company passed on 22 September 2015, (i) each authorised share of the Company of HK$0.1 each was subdivided into 10 ordinary shares of HK$0.01 each, and (ii) the authorised share capital of the Company was increased from 5,000,000 ordinary shares of HK$0.01 each to 2,000,000,000 ordinary shares of HK$0.01 each by the creation of 1,995,000,000 ordinary shares of HK$0.01 each.

(d) Subsequent to the end of the Track Record Period, the amounts due to Controlling Shareholders of HK$60,000,000 as at 31 March 2015 were capitalised for the issue of a total of 60,000,000 ordinary shares of HK$0.01 each of the Company.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of the companies comprising the Group in respect of any period subsequent to the three months ended 31 March 2015.

Yours faithfully,
SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044
Hong Kong